

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

AIR FORCE INFORMATION PUBLISHING SERVICE
902-S PROCUREMENT PROGRAM

Report No. 93-075

March 22, 1993

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Department of Defense

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The following acronyms are used in this report.

AFIPS.....Air Force Information Publishing Service
CALS.....Computer-Aided Acquisition and Logistics Support
ASD(C³I).....Assistant Secretary of Defense (Command, Control,
Communications, and Intelligence)
ASD(P&L).....Assistant Secretary of Defense (Production and
Logistics)
DLA.....Defense Logistics Agency
DPA.....Delegation of Procurement Authority
DPS.....Defense Printing Service
DMRD.....Defense Management Report Decision
FAR.....Federal Acquisition Regulation
FIP.....Federal Information Processing
GAO.....General Accounting Office
GPO.....Government Printing Office
GSA.....General Services Administration
JCALS.....Joint Computer-Aided Acquisition and Logistics Support
OASD(P&L).....Office of the Assistant Secretary of Defense
(Production and Logistics)
OSD.....Office of the Secretary of Defense
RFP.....Request for Proposal



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DEPARTMENT OF DEFENSE
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March 22, 1993

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL,
COMMUNICATIONS, AND INTELLIGENCE)
ASSISTANT SECRETARY OF DEFENSE (PRODUCTION
AND LOGISTICS)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR OF ADMINISTRATION AND MANAGEMENT

SUBJECT: Report on the Air Force Information Publishing Service
902-S Procurement Program (Report No. 93-075)

We are providing this final report for your information and use. This audit resulted from information from the Air Force Audit Agency and Congressman Charles Rose, Chairman, Joint Committee on Printing. Comments on a draft of this report were considered in preparing the final report.

Management comments on a draft of this report conformed to the requirements of DoD Directive 7650.3. Actions taken as a result of the draft report left no unresolved issues. Therefore, additional comments are not required.

We appreciate the courtesies and cooperation extended to the audit staff. If you have any questions on this report, contact Ms. Patricia A. Brannin, Program Director, at (703) 692-3206 (DSN 222-3206) or Ms. Victoria C. Hara, Project Manager, at (703) 692-3026 (DSN 222-3026). Appendix I lists the distribution of the report.

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Assistant Inspector General
for Auditing

cc:
Secretary of the Navy
Secretary of the Air Force
Director of Defense Procurement
Comptroller of the Department of Defense
Defense Management Report Implementation Coordination Office

Office of the Inspector General, DoD

Report No. 93-075
(Project No. 2CD-9008)

March 22, 1993

THE AIR FORCE INFORMATION PUBLISHING SERVICE
902-S PROCUREMENT PROGRAM

EXECUTIVE SUMMARY

Introduction. This audit was conducted in response to information received from the Air Force Audit Agency and Congressman Charles Rose, Chairman, Joint Committee on Printing. The information expressed concerns regarding acquisition planning, management, and oversight of the Air Force Information Publishing Service procurement to modernize publishing and information management. To achieve this modernization goal, the Air Force established, with the assistance of the Government Printing Office, a firm-fixed-price, requirements, indefinite-delivery request for proposal with economic price adjustments known as the 902-S. The Air Force estimated the life-cycle cost for the 902-S procurement at more than \$1 billion. The procurement was to include publishing and printing of administrative documents and technical manuals (computer-aided logistics support (CALS) documents) and Federal information processing equipment, software, and support services. Effective April 6, 1992, DoD consolidated all printing under the Defense Printing Service.

Objectives. The objectives were to determine the need for the 902-S procurement and to determine if DoD requirements and regulations were followed. We also evaluated applicable internal controls.

Audit Results. Although a need for information publishing within the Air Force exists, the 902-S procurement did not adequately serve DoD requirements, did not meet requirements in all acquisition regulations, and therefore, needed to be reevaluated.

- o The 902-S procurement lacked sufficient acquisition planning and sufficient definition of contract strategy. As a result, a request for proposal was issued that did not provide prospective contractors with a realistic estimate of the contract requirements and that did not best support DoD publishing and printing requirements (Finding A).

- o The Air Force did not transfer the 902-S procurement to the Defense Printing Service as required under Defense Management Report Decision 998. As a result, the 902-S request for proposal lacked sufficient flexibility to meet the needs of all Defense organizations and failed to comply with DoD policy on central management of Defense publishing and printing (Finding B).

o The Office of the Secretary of Defense oversight of the 902-S procurement was not effective. As a result, a contract with an estimated life-cycle cost of more than \$1 billion could have been awarded that would not best meet DoD publishing and printing needs (Finding C).

Internal Controls. The audit identified a material internal control weakness as defined by Public Law 97-255, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. Internal controls pertaining to Office of the Secretary of Defense oversight of the Air Force Information Publishing Services procurement were not clearly defined to ensure the best solution to DoD publishing and printing requirements. See Part I for the internal controls reviewed and Finding C in Part II for details of the identified weakness.

Potential Benefits of Audit. Implementation of the recommendations in this report will improve oversight and control of the 902-S procurement. However, we could not quantify the monetary benefits resulting from these improvements. Appendix G details the benefits.

Summary of Recommendations. We recommended the withdrawal of the 902-S request for proposal, the notification of Congress of an ongoing CALS acquisition, the immediate transfer of the 902-S procurement to the Defense Printing Service, and the clarification of oversight responsibilities for the 902-S procurement among the Assistant Secretary of Defense (Production and Logistics) (P&L), Defense CALS Executive; the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) (C³I); and the Director of Administration and Management.

Management Comments. The Offices of the Assistant Secretary of Defense (P&L), the Director of Administration and Management, and the Assistant Secretary of the Navy (Research, Development, and Acquisition) concurred with the report. On February 8, 1993, the Air Force was directed by the Principal Deputy Assistant Secretary of Defense (P&L) to withdraw the 902-S request for proposal and transfer the program documentation to the Defense Printing Service. On February 12, 1993, the Air Force requested the Government Printing Office to withdraw the 902-S request for proposal and initiated the transfer of 902-S program documentation to the Defense Printing Service. The Assistant Secretary of Defense (C³I) stated that the report did not properly portray the oversight provided to the program by that office. The Air Force nonconcurred with the recommendations and stated that the report lacked objectivity and key areas were not accurately addressed or supported. We stand by the report.

A discussion of the responsiveness of management comments is in Part II and the complete text of management comments is in Part IV of this report. The recommendations contained in this report were implemented and additional comments are not required.

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The Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Copies of the report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, (703) 614-6303 (DSN 224-6303).

PART I - INTRODUCTION

Background

From 1947 to 1986, the Air Force published departmental regulations and forms using manual publishing methods. In 1987, the Air Force initiated a services contract (Program 50-S) with the Government Printing Office (GPO) to acquire services that would allow the Air Force to capture, edit, compose, and publish departmental publications and forms in a digital format.

The requirement for the Air Force Information Publishing Service (AFIPS) 902-S procurement evolved from the need to establish a replacement for the existing 50-S publishing services contract. The 50-S contract, which supported the publishing of only administrative documents, expired in January 1991, but GPO extended the contract to allow time for the award of the 902-S contract. The 902-S request for proposal (RFP), issued May 20, 1992, was to result in the award of a firm-fixed-price requirements contract with economic price adjustments for contract line items dealing with contractor-furnished personnel and paper products. An October 27, 1992, Air Force draft management plan would modify the RFP to an indefinite delivery/indefinite quantity contract. The contract would potentially span 8 years (4 base years with four additional 1-year options) with a total estimated contract value of more than \$1 billion.

The AFIPS 902-S procurement would provide customers with both publishing and printing capabilities from a commercial vendor. GPO is responsible for procurement of all commercial Federal printing while the General Services Administration (GSA) is responsible for all Federal information processing (FIP) acquisitions. Within DoD, the Defense Computer-Aided Acquisition and Logistics Support (CALS) Executive, Assistant Secretary of Defense (Production and Logistics) (ASD [P&L]), is responsible for functional oversight of CALS initiatives and technical manual policy. The Director of Administration and Management, Office of the Secretary of Defense (OSD), is responsible for oversight of the Defense Printing Service (DPS) and provides policy guidance regarding the operation and management of printing and duplicating services in DoD. The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) (ASD[C³I]) is the DoD senior official for FIP resources and is responsible for establishment of policy and the implementation, execution, and oversight of the Defense Information Management Program.

The Defense Management Report Decision (DMRD) 998, "Consolidation of DoD Printing," November 16, 1990, directed the consolidation of Army, Navy, Air Force, and Defense Logistics Agency (DLA) printing and duplicating operations. Program Budget Decision 426 designated the Navy Publishing and Printing Service as the single

manager of all DoD printing, whether accomplished in-house or by contract, including GPO procurements. On September 19, 1991, the Deputy Secretary of Defense approved the plan to consolidate printing within DoD and directed that the Navy Publishing and Printing Service be established as DPS. The Deputy Secretary of Defense further directed that printing procurements be transferred from the Military Departments and DLA to DPS. Effective April 6, 1992, DoD directed that all printing be consolidated under DPS. DMRD 998 identified a projected savings of \$132 million for FYs 1993 through 1997 based on this consolidation.

Objectives

This audit resulted from information received from the Air Force Audit Agency and Congressman Charles Rose, Chairman, Joint Committee on Printing. The information expressed concerns regarding acquisition planning, management, and oversight of the 902-S procurement. The audit objectives were to determine the need for the procurement and to determine whether DoD requirements and regulations were followed. The audit also evaluated applicable internal control procedures.

Scope

This report covers the 902-S procurement and the implementation of DMRD 998 as it pertains to this procurement. We reviewed laws and regulations, the RFP, delegation of procurement authority (DPA), support for the requirements determination, correspondence, and other related documentation. The documents reviewed were from 1984 through November 1992. In addition, we interviewed DoD, GSA, and GPO personnel. We did not use computerized data to conduct this audit.

We performed this economy and efficiency audit from August to November 1992 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls considered necessary. Appendix H lists the activities visited or contacted during the audit.

Internal Controls

Controls assessed. We evaluated internal controls applicable to laws, regulations, and procedures for the acquisition of FIP resources and publishing and printing services. Specifically, we reviewed the Federal Acquisition Regulation (FAR); the Defense Federal Acquisition Regulation Supplement; the DMRD; the Federal Information Resources Management Regulation; the pertinent Army, Navy, Air Force, and DLA regulations; and the RFP documentation.

Internal control weakness. The audit disclosed a material internal control weakness as defined by Public Law 97-255, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. OSD responsibilities for oversight of the 902-S procurement were not clearly defined to ensure the best solution for publishing and printing requirements. Implementation of the recommendation in Finding C would correct this weakness. We were not able to quantify the monetary benefits related to implementing the recommendation because we could not determine how future actions will affect the 902-S procurement. A copy of this final report will be provided to the senior official responsible for internal controls within OSD.

Prior Audit Coverage

General Accounting Office (GAO) Report No. GAO/NSIAD-91-268 (OSD Case No. 8774), "Defense Management: DoD's Plans to Consolidate Printing," August 1, 1991, examined the plans to consolidate the Army, Air Force, and DLA printing and duplicating functions into the Navy Publishing and Printing Service, now known as DPS. GAO found that questions on the details of implementation costs were premature and that projected savings were not supported. GAO recommended that Congress consider not providing the \$20 million in investment funds until DoD provided answers on the amount of savings to be achieved and how those savings would be accomplished.

GAO Report No. GAO/NSIAD-92-66 (OSD Case No. 8774-B), "Defense Management: DoD's Estimated Savings for Printing Consolidation," December 31, 1991, re-examined the DoD consolidation plans for publishing and printing. GAO found that Navy Publishing and Printing Service officials prepared a preliminary plan that showed changes by activity, equipment, personnel, and plant that might be taken to achieve DoD savings. GAO made no recommendations.

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PART II - FINDINGS AND RECOMMENDATIONS

A. ACQUISITION PLANNING AND CONTRACT STRATEGY

The AFIPS 902-S procurement lacked sufficient acquisition planning and sufficient definition of contract strategy because the AFIPS 902-S program office did not comply with the FAR requirements for acquisition planning. As a result, an RFP was issued that did not provide prospective contractors with a realistic estimate of DoD contract requirements and that did not best support DoD publishing and printing requirements.

DISCUSSION OF DETAILS

Background

On May 20, 1992, an RFP was issued requesting bids on January 29, 1993, with contract award planned for July 1993. The proposed AFIPS 902-S contract would provide:

- o "data capture" of text, graphics, and forms;
- o retrieval and electronic manipulation (editing) of text, graphics, and forms;
- o composition of text and graphics;
- o electronic design and mapping of forms;
- o printing of paper products;
- o production of digital products;
- o management and storage of Government library(ies);
- o administration of network and systems; and
- o training.

Acquisition Planning

FAR part 7, "Acquisition Planning," applies to all acquisitions. Acquisition planning should result in a comprehensive plan for the timely fulfillment of agency needs at a reasonable cost. Therefore, solicitations must include necessary and cost-effective requirements only and the proper contract type must be selected.

Requirements analysis. A requirements analysis determines and documents the quantitative or qualitative needs (requirements) that must be met and why those requirements are necessary to meet the mission needs. The analysis provides the basis on which to analyze alternatives for meeting the

requirements. Requirements should be based on mission needs expressed as opportunities for increased economy and efficiency, for new or changed program requirements, or for deficiencies in existing capabilities.

The AFIPS program office conducted a requirements analysis dated May 16, 1990, that estimated printing production based on user-provided data and projected publishing and printing requirements for administrative and technical publications. The AFIPS program office reviewed and updated the requirements analysis as of April 14, 1992, to reflect changes in requirements, to reflect a better understanding of relevant technology, and to reflect the potential joint use of the 902-S procurement by the Army, Navy, Air Force, and DLA. However, the joint requirements were not adequately supported. Further potential duplication with the DPS and the Joint Computer-Aided Acquisition and Logistics Support (JCALS) program was not addressed. The primary goal of the JCALS program is to integrate DoD data bases into a shared structure in which technical information can be processed efficiently. The Defense CALS Executive provides policy and guidance to DoD to assist in the transition from paper-intensive processes to highly automated, standardized, and integrated processes.

Detailed support. The requirements analysis, which the AFIPS program office prepared, lacked detailed support for the requirements stipulated in the RFP. Requirements by Military Departments were not specified in either the analysis or the RFP. Examples of the lack of detailed support follow.

- o The RFP included requirements for the Army and the Navy and a potential publishing site for DLA. The Army, Navy, and DLA did not provide requirements data to the AFIPS program office to be used in generating the RFP. In addition, on September 22, 1992, a contract for a DLA automated publishing system was awarded.

- o The AFIPS program office based printing requirements in the RFP on FY 1990 printing usage data provided by GPO, with no adjustment for downsizing in DoD. Thus, the estimated printing requirements in the RFP may have been overstated.

- o The AFIPS program office estimated Air Force costs for FIP requirements for 1 year. The Air Force FIP requirement for 1 year was multiplied by eight to arrive at an 8-year cost. To estimate the Army and Navy FIP requirements, the Air Force 8-year number was adjusted based on the FY 1990 relationship of Army and Navy printing usage to Air Force printing usage. GPO provided the data to the Air Force.

- o The AFIPS program office reduced the Army and Navy 8-year FIP, CALS, and administrative projections by 15 percent because most of the Army and Navy requirements were in

technical manual production whereas the Air Force requirements also included production of administrative publications.

- o Historical data for "data capture" and the integration of text or graphics files as an integrated image were not available.

- o The new requirements for editing, for electronic forms, and for digital media production could only be provided as anticipated total quantities per year. No data on the number of orders or units per order could be provided.

The lack of a detailed requirements analysis prevented DoD from fulfilling its obligation under the FAR to state a realistic estimated total quantity in the RFP. The lack of adequate requirements also prevented DoD from limiting the obligation of DoD to the minimum quantity of supplies or services required by an indefinite delivery/indefinite quantity contract.

Use of the contract was mandatory for Air Force requirements that could be fulfilled within the contract scope, and optional for the rest of DoD. The inclusion of questionable requirements in the RFP, coupled with the fact that the RFP did not specify the requirements by Military Department, prevented potential contractors from determining how much of the specified requirements would be mandatory as opposed to optional and gave potential bidders the wrong impression of how much work they could expect. This adversely affected the ability of contractors to prepare reasonable bids. Contractors can expend large sums trying to prepare a competitive bid. Inaccurate requirements can affect who can successfully win the competition and possibly affect the amount of profit a contractor will eventually earn.

Duplication of sites. The RFP, as written, would have included the existing 5 Air Force 50-S sites and would have potentially added 10 Air Force sites capable of publishing and printing. At 14 of the 15 Air Force existing and potential sites, DPS has a field activity capable of meeting printing requirements through in-house printing or contracting out or has a field activity located in the general vicinity of the site (Appendix A). These sites have the same or similar capability as the proposed AFIPS sites (Appendix B). In addition, the RFP cited one designated and eight undesignated Army sites, eight undesignated Navy sites, one undesignated DLA site, and one undesignated Coast Guard site. DPS capability to meet the remainder of the requirements could not be determined until the sites were identified. The creation of a 902-S site at or near a DPS site potentially creates unnecessary redundancy and expense. This potential duplication issue needed to be resolved before contract award.

Duplication with JCALS. The RFP required bids to provide services and, potentially, hardware and software that

duplicate the services, hardware, and software to be provided throughout DoD by the JCALS program (Appendix C). This potential duplication issue needs to be resolved before contract award.

Contract strategy. According to FAR 16.503(a), "Requirements Contracts," under a requirements contract, designated Government activities fill all actual purchase requirements for specific supplies or services during a specified contract period by placing orders with the contractor. FAR 16.504, "Indefinite-Quantity Contracts," states that an indefinite delivery/indefinite quantity contract provides for an indefinite quantity, within stated limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled when orders are placed with the contractor.

Both types of contracts permit flexibility in quantities, delivery scheduling, and ordering supplies or services after requirements materialize. Indefinite-quantity contracts limit the obligation of the Government to the minimum quantity specified in the contract. Requirements contracts, however, require all supplies or services within the contract scope to be placed with the contractor despite the availability of a more cost-effective way to obtain the supplies or services.

Determining the contract type is critical to an effective acquisition plan. The contract type should promote the interests of the Government, result in reasonable contractor risk, and provide the contractor with the greatest incentive for efficient and economical performance.

Requirements contract. The May 20, 1992, RFP was for a requirements contract. Use of this contract would have been mandatory for all Air Force requirements that could be fulfilled within the contract scope. On June 29, 1992, ASD(P&L) directed a careful review of the 902-S statement of work because it mandated use for all Air Force requirements within contract scope. The memorandum also directed that any eventual contract must allow flexibility to acquire services at the best value and directed coordination with the JCALS program office, since services from the 902-S procurement would be used with the JCALS program.

Indefinite delivery/indefinite quantity contract. The October 27, 1992, draft Air Force management plan for the transfer of management of the 902-S procurement to DPS stated the intent to revise the RFP. The revised RFP would change the contract type from a requirements contract to an indefinite delivery/indefinite quantity contract. The change in contract type is intended to provide sufficient flexibility to meet the needs of all Defense organizations and comply with DMRD 998, which directed the consolidation of Army, Navy, Air Force, and DLA printing and duplicating operations.

DPS is responsible for printing in-house or procuring printing services, and administering, supervising, and controlling all assigned programs, services, and functions. In this capacity, DPS is responsible for providing cost-effective and efficient printing support to DoD Components. A contract that requires use by all of the Air Force severely restricts the ability of DPS to decide the best way to satisfy its DoD mandate. Such a contract would also impinge upon the DPS ability to achieve estimated savings intended to be attained under the DMRD 998 for FYs 1993 through 1996, the base life of the proposed 902-S contract.

The significant change in contract type could dramatically change proposals submitted in response to the RFP. Under the October 27, 1992, draft Air Force management plan, an RFP amendment that notifies bidders of the new date of proposal submission would not occur until 45 days after management plan approval. As of November 27, 1992, the date of the draft report, the management plan was not approved, and proposals were due December 17, 1992, in 20 days.

Notification of Congress. The FY 1993 Appropriation Act states that funds cannot be obligated for procurement of any automated CALS system unless ASD(P&L) provides specific approval to the Committees on Appropriation and Armed Services of the House and Senate at least 30 days before any contract solicitation. DoD has not yet notified Congress about the CALS included in the 902-S procurement. Since the RFP was already issued, notification should have occurred at the earliest opportunity.

Conclusion

The lack of a detailed, realistic requirements analysis adversely affected the ability of the AFIPS program office to define reasonable requirements against which vendors could bid. The lack of detailed support for the requirements, coupled with the potential duplication of sites with DPS and duplication of capability with JCALS, resulted in an RFP that did not provide the prospective contractors with a realistic estimate of the contract requirements and did not provide the best solution to meet DoD publishing and printing needs. We support the intent to change the contract type to an indefinite delivery/indefinite quantity contract. However, the requirements analysis did not provide sufficient information to enable determination of the minimum quantity to be ordered, which is a requirement of an indefinite delivery/indefinite quantity contract.

A significant amount of time could be needed to develop a requirements analysis to support the RFP and to resolve potential duplication with DPS and with JCALS as well as other unresolved issues. Further, time would be required to revise the RFP statement of work, instructions, conditions and notices to offerers, and the schedule of estimated quantities. The prospective contractors would need time to respond to the

changes and revise their proposals. The RFP was issued May 20, 1992, 6 months before our draft report. We believe that the Air Force was not ready for this procurement and would not be ready in the near future.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

1. We recommend that the Secretary of the Air Force withdraw the Air Force Information Publishing Service 902-S request for proposal.

Assistant Secretary of Defense (P&L) comments. On February 8, 1993, Principal Deputy ASD(P&L) directed the Air Force to withdraw the 902-S RFP and transfer responsibility for meeting 902-S requirements to DPS.

Director of Administration and Management comments. The Director of Administration and Management, DoD, concurred with the need to withdraw the 902-S RFP.

Air Force comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) nonconcurred in a December 18, 1992, response and stated there is no quantifiable benefit to withdrawing the RFP. The Deputy Assistant Secretary stated the vendors have never raised compelling concerns regarding the mandatory and optional quantities in the solicitation. The Deputy Assistant Secretary also stated there was a mutual agreement between the Office of the ASD(C³I), the Defense CALS Executive, the Navy, and the Air Force for the Air Force to continue with the procurement until contract award. Nevertheless, on February 12, 1993, the Deputy Assistant Secretary initiated action to withdraw the RFP in accordance with the Office of the ASD(P&L) (OASD[P&L]) direction.

Audit response. The actions taken by the Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) in February 1993 implemented the recommendation.

Withdrawal of the procurement will correct the undetailed requirements analysis and can result in more accurate bids from vendors. Further, vendors had stated that the quantities represented in the RFP were very misleading. Vendors' questions pertained to the number of sites, the number of mandatory versus nonmandatory users, and equality of the distribution of projected Army, Navy, and other DoD agency requirements in all line items. We disagree with the Deputy Assistant Secretary's statement regarding a mutual understanding among different DoD organizations regarding this procurement. We could not locate any documents that stated any mutual understanding on the conduct of the procurement. Conversely, we determined that unresolved disputes existed among different organizations regarding the 902-S procurement and that is why this report contains Finding B, "Transfer to Defense Printing Service," and

Finding C, "Oversight." A detailed audit response to Air Force comments on the finding is in Appendix F.

2. We recommend that the Assistant Secretary of Defense (Production and Logistics) immediately notify Congress of the automated computer-aided acquisition and logistics support included in the 902-S procurement, unless the procurement was canceled.

Assistant Secretary of Defense (P&L) comments. ASD(P&L) concurred with the recommendation and agreed to advise Congress 30 days before any new contractual action.

Air Force comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) disagreed and stated the congressional language does not apply to the 902-S procurement and the fact that Congress appropriated funds for the program indicates that Congress is aware of the procurement.

Audit response. The recommendation was made to help ensure compliance with congressional guidance. The Air Force comments indicate either an incorrect interpretation or a disregard for congressional guidance to DoD.

Assistant Secretary of Defense (C³I) comments on the finding. ASD(C³I) did not agree that the 902-S procurement lacked sufficient acquisition planning and definition of contract strategy and that the procurement did not comply with FAR requirements. The Assistant Secretary stated that the report should reflect that the Air Force submitted the required documentation to GSA and received a DPA in accordance with the Federal Information Resources Management Regulation.

Audit response. The 902-S procurement was not a result of a comprehensive plan for the timely fulfillment of agency needs at reasonable cost. An RFP was issued requesting bids despite the fact that critical issues, such as potential duplication of sites, potential duplication with JCALS, and contract strategy, remained unresolved. Subsequently, the RFP was amended 6 times in 7 months with 930 pages of technical changes. The 6th amendment clearly stated that the schedule of estimated quantities (79 pages), among other things, would be modified in a future amendment. The fact that critical issues remained unresolved and that the RFP needed substantial changes conclusively demonstrates that sufficient acquisition planning and sufficient definition of contract strategy did not occur. The report states that GSA provided a DPA that allowed the Air Force to use GPO as the contracting activity.

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B. TRANSFER TO DEFENSE PRINTING SERVICE

The AFIPS program office did not transfer the 902-S procurement to DPS. The Air Force did not comply with direction provided by the DMRD 998, the Program Budget Decision 426, and the September 19, 1991, Deputy Secretary of Defense memorandum. As a result, the 902-S RFP lacked sufficient flexibility to meet the needs of all Defense organizations and failed to comply with DoD policy on central management of Defense publishing and printing.

DISCUSSION OF DETAILS

AFIPS 902-S Consolidation Under DPS Management

On June 29, 1992, the Principal Deputy ASD(P&L) directed that management of the 902-S procurement be transferred to DPS according to DMRD 998 and Program Budget Decision 426 and that no contract be awarded without DPS concurrence. OASD(P&L) also directed the Navy and the Air Force, with the Navy as lead, to develop a management plan for the 902-S procurement and to submit the plan to his office for approval. The approval of the management plan would precede contract award (See Appendix D for organizational alignment and responsibilities and Appendix E for a chronology of oversight provided to the AFIPS program). OASD(P&L) also raised several issues, such as contract flexibility and duplication with JCALS, that needed to be addressed (Finding A). The Air Force and Navy, unable to agree on a management plan, submitted two separate plans in October and November 1992, respectively. As of November 27, 1992, the date of the draft report, the 902-S procurement had not transferred to DPS.

Transfer Plan Concept

Under an October 27, 1992, draft Air Force management plan, the management transfer of the 902-S procurement to DPS would occur in three phases. Phase one would modify the RFP to change the mandatory nature of the contract from a requirements contract to an indefinite delivery/indefinite quantity contract. Phase two would place DPS personnel into the source selection process. Phase three would transfer the 902-S procurement formally to DPS. Under this plan, management transfer of the 902-S procurement would not occur until after contract award, estimated to be July 1993, 15 months after the transfer was directed to occur. We do not agree with the proposed timetable in the Air Force management plan.

Conclusion

The AFIPS 902-S program should be transferred immediately to DPS as mandated by DMRD 998 and the Deputy Secretary of Defense. The DPS is responsible for providing printing services to all DoD organizations. Therefore, DPS should decide if the

902-S procurement is needed to satisfy DPS responsibilities to all DoD customers and DPS should decide what form the procurement should take. If DPS needs the 902-S procurement, the procurement should be structured to allow DPS to make objective business judgments on the best way to satisfy requirements. In addition, DPS should resolve the potential duplication of services, hardware, and software, as well as the validity of the requirements analysis discussed in Finding A, before any contract award.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

1. We recommend that the Secretary of the Air Force and the Director of Administration and Management, Office of the Secretary of Defense, direct the immediate transfer of the Air Force Information Publishing Service 902-S program to the Defense Printing Service.

Assistant Secretary of Defense (C³I) comments. ASD(C³I) stated that the report does not address the option to allow the Air Force to proceed with the procurement through contract award.

Audit response. We do not agree with the option to allow the Air Force to proceed with the procurement through contract award. DPS is responsible for providing printing services to all DoD organizations and should decide how best to meet DoD requirements. The Air Force 902-S procurement lacked sufficient flexibility to meet the needs of all Defense organizations. In addition, the Air Force failed to comply with procurement regulations and DoD policy on central management of publishing and printing. The 902-S RFP existed for about 10 months. During this time, the Air Force did not address or resolve the significant acquisition issues that affected the procurement.

Director of Administration and Management comments. The Director of Administration and Management concurred with the immediate transfer of the program to DPS.

Air Force comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) nonconcurred with the recommendation in a December 18, 1992, response to the report. The Deputy Assistant Secretary stated that the ASD(C³I), the Defense CALS Executive, the Navy, and the Air Force agreed to transfer the program after contract award. Further, no additional costs will be incurred if the program remains with the Air Force through contract award. In addition, if the program transfers, the schedule will be delayed 18 months, the Navy will incur \$5 million of start up costs, DoD will lose a potential \$35 million of savings in FY 1994 printing costs, the Navy will have to obtain a new DPA from GSA, the Navy will have to negotiate a new agreement with GPO, and the Navy and the Air Force will have to address the status of 902-S program office personnel.

On February 12, 1993, the Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) directed the phase-out of the 902-S program office and directed the transfer of program documentation to DPS.

Audit response. We are aware of a series of discussions held between OSD organizations, Navy, and Air Force on the 902-S procurement. However, no documentation of any agreement exists that would permit the Air Force to manage the 902-S procurement until after award of the contract.

The Air Force also could not provide any documentation to support its assertions that if the program remained with the Air Force through contract award there would be no additional costs, but if the program transferred to DPS there would be a significant cost increase. The Navy response for Recommendation 2. contradicts the Air Force estimate that there will be an 18-month schedule delay if the procurement is transferred to DPS. The Navy response indicates that only limited time would be required to correct the problems with the procurement. The Air Force also could not provide any documentation to support its statements that a new start by the Navy would cost an additional \$5 million, result in a schedule delay of at least 18 months, cost about \$3 million per month for each month of delay in award, and result in lost savings to DoD of about \$35 million. When the Deputy Assistant Secretary was asked about the basis for cost figures cited in his response, he stated it was an Air Force estimate. We cannot accept estimates of additional costs or savings without some documentary evidence of factual or mathematical basis for the estimates. A detailed audit response to the Air Force comments on the finding is in Appendix F.

2. We recommend that the Director of Defense Printing Service withhold any new request for proposal until all of the issues pertaining to the 902-S request for proposal and its acquisition strategy discussed in Finding A have been resolved.

Navy comments. The Assistant Secretary of the Navy (Research, Development, and Acquisition) agreed to withhold any new RFP until all issues pertaining to the program duplication, contract type, and actual definition of DoD requirements were resolved. The estimated completion date is April 30, 1993.

Air Force comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) nonconcurred and stated the recommendation is inappropriate because there are no acquisition issues to be resolved. Furthermore, withdrawal of the procurement could result in increased acquisition costs along with legal action or protests against the Government. He also

stated the Air Force is incurring \$3 million in costs per month that could have been avoided if the contract had been awarded as originally planned.

Audit response. We disagree that no acquisition issues remain to be resolved. Critical issues such as contract type, duplication, and DoD requirements were not resolved. Contractors can expend large sums trying to prepare a responsive bid. Continued modification of the RFP increases contractors' expenses. Further, the Air Force should not continue an RFP just to preclude possible legal action or protests against the Government. FAR 15.606(b)(4), "Changes in Government Requirements," states that, "if a change is so substantial that it warrants complete revision of a solicitation, the contracting officer shall cancel the original solicitation and issue a new one, regardless of the stage of the acquisition." Six amendments to the 902-S RFP with 930 pages of technical changes and additional amendments yet to come constitute a substantial change that warrants a complete revision of the RFP.

C. OVERSIGHT

OSD oversight of the 902-S procurement was not effective because oversight responsibility for the 902-S procurement was shared among three organizations within OSD. As a result, a contract with an estimated life-cycle cost of more than \$1 billion could have been awarded that might not be the best solution to DoD publishing and printing requirements.

DISCUSSION OF DETAILS

Printing and Federal Information Processing Authorizations

On January 28, 1991, the Air Force requested a DPA from GSA, which is responsible for all FIP acquisitions, because the Air Force intended to award a contract that contained both FIP resources and printing services. The request stated that the basic contract would be more than 90 percent devoted to printing services. On February 5, 1991, GSA provided a DPA that allowed the Air Force to use GPO as the contracting activity because GPO is responsible for procurement of all commercial Federal printing. Subsequently, the Air Force requested and GSA approved an amended DPA that changed the proposed contract so that about 94 percent of the requirements was for printing services while 6 percent of the requirements was for FIP resources.

Breakdown of Request for Proposal

The May 20, 1992, 902-S RFP contained FIP, CALS, and administrative requirements. Estimated requirements were as follows:

	<u>Estimated Requirement (millions)</u>	<u>Percent</u>
FIP Software	*	0.5
FIP Support Services	*	1.9
FIP Equipment	*	3.6
Total FIP Resources	*	<u>6.0</u>
Administrative Resources	*	39.6
CALS Resources	*	<u>54.4</u>
Total Non-FIP Resources	*	<u>94.0</u>
Total Contract Value	*	

*Exact amounts not included because the data may be source-selection sensitive.

Oversight of AFIPS 902-S Procurement

The proposed procurement contained multiple requirements; therefore, more than one OSD organization had oversight responsibility. ASD(C³I) had responsibility for the acquisition of FIP resources, estimated at 6 percent of the total contract value. The Director of Administration and Management had OSD-level organizational oversight of DPS and responsibility for administrative resources, estimated at 40 percent of the total contract value. In addition, the Defense CALS Executive had responsibility for CALS resources estimated at 54 percent of the total contract value. Appendix D summarizes OSD organizational alignment and responsibilities.

From May 1992 through November 1992, both the ASD(P&L) and ASD(C³I) offices provided direction and guidance on at least 10 occasions regarding the 902-S procurement (Appendix E). For example, both offices directed the AFIPS program office to develop management plans for different purposes for submission and approval.

Direction and guidance from multiple sources resulted in confusion and potential duplication. This confusion was evident in the Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics), September 28, 1992, memorandum to ASD(C³I) stating that, "...confusion regarding contradictory functional guidance in light of acquisition decisions is seriously impeding competition and progress on this solicitation." The September 28, 1992, memorandum requested guidance on whether the Air Force and GPO could proceed with this procurement as authorized by GSA in a DPA.

Conclusion

Although this procurement contained publishing and printing of administrative documents and technical manuals (CALS), and FIP resources, the AFIPS 902-S program office stated in its request to GSA that the 902-S procurement was predominantly a printing contract, not a FIP contract. Based on the Air Force request, GSA, which is responsible for all FIP acquisitions in the Federal Government, granted a DPA because the procurement was predominantly a printing contract. GPO, which is responsible for commercial printing, agreed to become the procurement activity. On September 28, 1992, the Air Force requested permission to proceed with the procurement from ASD(C³I), who is responsible for the acquisition of FIP resources.

Because this proposed procurement was predominantly printing (94 percent), and because 54 percent of the proposed procurement was CALS related, we believe that functional oversight of the AFIPS 902-S procurement should reside with the Defense CALS Executive. We recognize the oversight role of the Director of Administration and Management and ASD(C³I) relative to the procurement. The Air Force was confused about different

OSD oversight responsibilities. In addition, both the Navy and the Air Force submitted different management plans for the procurement (Finding B). To eliminate confusion, a joint memorandum from the OSD organizations involved clarifying responsibilities was needed.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence); Defense Computer-Aided Acquisition and Logistics Support Executive, Assistant Secretary of Defense (Production and Logistics); and the Director of Administration and Management issue a joint memorandum to the Navy and the Air Force clarifying each organization's oversight responsibilities for the Air Force Information Publishing Service 902-S program.

Assistant Secretary of Defense (C³I) comments. ASD(C³I) nonconcurrent with the recommendation and stated that his office had monitored the 902-S procurement since 1991. Further, the Air Force provided a management plan on the 902-S procurement on August 27, 1992. An October 26, 1992, Deputy Assistant Secretary of Defense (Information Systems), ASD(C³I), memorandum to the Air Force stated that the Air Force management plan fulfilled the requirements for acquisition of FIP resources. In addition, ASD(C³I) stated that oversight of the acquisition of FIP resources is the responsibility of ASD(C³I) and that this responsibility cannot be shared.

Audit response. We agree that ASD(C³I) monitored the 902-S procurement since 1991. However, the October 26, 1992, Deputy Assistant Secretary of Defense (Information Systems) memorandum to the Air Force, accepting the Air Force management plan as fulfilling requirements for the acquisition of FIP resources, also stated that critical management issues still needed to be resolved. The management issues consisted of developing a management plan for the 902-S procurement with the Navy, transferring the 902-S procurement to DPS, and exploring the feasibility of changing the contract type. In addition, the memorandum cited other acquisition issues, such as potential duplication of sites and potential duplication with JCALS, that were unresolved. We agree with ASD(C³I) that oversight responsibility for the acquisition of FIP resources cannot be shared. The intent of our recommendation was for the organizations involved to provide joint guidance on the management of a procurement that crosses lines of responsibility within OSD.

Assistant Secretary of Defense (P&L) comments. ASD(P&L) concurred with the recommendation to clarify oversight responsibilities. On February 8, 1993, ASD(P&L) issued a memorandum to the Military Departments that stated that OSD oversight of the 902-S procurement must be a shared

responsibility and coordinated effort. The memorandum also stated the Deputy Assistant Secretary of Defense (Information Systems) has oversight of the acquisition of FIP resources, the Director of Administration and Management has printing and duplicating oversight authority, and the Defense CALS Executive has the lead for functional requirements.

Director of Administration and Management comments. The Director of Administration and Management concurred with the recommendation.

Air Force comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) nonconcurred with the recommendation and stated that OSD-level approval of either the Air Force or Navy management plans for the 902-S procurement was the only clarification needed.

Audit response. Subsequent events have overcome the need for approval of the Air Force or Navy management plans for the 902-S procurement. A detailed audit response to Air Force comments on the finding is in Appendix F.

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PART III - ADDITIONAL INFORMATION

- APPENDIX A - Air Force Information Publishing Service and Defense Printing Service Locations
- APPENDIX B - Potential Publishing Capability Comparison
- APPENDIX C - Air Force Information Publishing Service and Joint Computer-Aided Acquisition and Logistics Support Requirements Comparison
- APPENDIX D - Organizational Alignment and Responsibilities
- APPENDIX E - Chronology of Air Force Information Publishing Service Oversight
- APPENDIX F - Detailed Audit Responses to Department of the Air Force Comments
- APPENDIX G - Summary of Potential Benefits Resulting from Audit
- APPENDIX H - Activities Visited or Contacted
- APPENDIX I - Report Distribution

**APPENDIX A - AIR FORCE INFORMATION PUBLISHING SERVICE AND DEFENSE
PRINTING SERVICE LOCATIONS**

<u>Existing Air Force 50-S Sites</u>	<u>Existing DPS Sites</u>
Bolling Air Force Base (AFB), DC	X*
Lowry AFB, CO	X
Randolph AFB, TX	X*
Wright-Patterson AFB, OH	X
Langley AFB, VA	X
<u>Potential Air Force Technical Publishing Sites</u>	
Newark AFB, OH	X
Hill AFB, UT	X
Kelly AFB, TX	X
McClellan AFB, CA	X
Robins AFB, GA	X
Tinker AFB, OK	X
<u>Identified Additional Sites Under Options to the Proposed 902-S Contract</u>	
Keesler AFB, MS	X
Gunter AFB, AL	X
Army Publications and Printing Command, Alexandria, VA	X*
Ramstein Air Base, GE	
Hickam AFB, HI	X*

*Field activity located in the general vicinity of the AFIPS site.

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APPENDIX B - POTENTIAL PUBLISHING CAPABILITY COMPARISON*

<u>902-S Procurement Requirements</u>	<u>Existing DPS Capabilities</u>
Prepare/Draft Reproducible Master	X
Editorial/Review	X
Determine Status of Reproducible Master	X
Determine Source (Organic/Contractor)	
Prepare Requirement for Reproduction	
Prepare Reproduction Package	X
Review Reproduction Package and Authenticate/Certify	X
Determine Type Requirement	
Prepare Request for Reproducible Master	X
Prepare Amended Reproduction Request	X
Send to Responsible Service Agency	X
Monitor Reproduction	X
Locate Reproducible Master	X
Forward Reproducible Master	X
Identify Reproduction Master Locator File Number (Publication Number)	X
Establish Locator File Number	
File Reproducible Master	X
Update Locator File When Master is Returned to Storage	X
Retrieve Reproducible Master from File	X
Update Locator File When Master is Removed for Distribution	X
Track Outstanding Reproducible Master	X

See footnote at end of appendix.

APPENDIX B - POTENTIAL PUBLISHING CAPABILITY COMPARISON* (cont'd)

<u>902-S Procurement Requirements</u>	<u>Existing DPS Capabilities</u>
Hold until Due Date	Planned
Prepare Request for Reproducible Master Return	Planned
Automate the Information Processes Currently Accomplished with GPO 2511, Print Order December 86	Planned
Provide the Functionality of the Air Force Automated Technical Order System	X

*Based on "Yellow/Orange Team Publish Technical Manual Functional Requirements," as of June 30, 1992, and "Proposal to PM JCALS For Publish, Stock and Distribute Functions of DoD Tech Manual Requirements," DPS, September 1992.

**APPENDIX C - AIR FORCE INFORMATION PUBLISHING SERVICE AND JOINT
COMPUTER-AIDED ACQUISITION AND LOGISTICS SUPPORT REQUIREMENTS
COMPARISON^{1/}**

<u>Functional Description</u>	<u>902-S RFP Requirement</u>	<u>JCALs Requirement</u>
Manage Policy and Guidance	Yes	Yes ^{2/}
Provide Program Support	No	Yes
Control Publication Numbering	No	Yes ^{2/}
Manage Technical Manual (TM) Repository	Yes	Yes ^{2/}
Develop Planning Documents for TM Acquisitions	No	Yes
Control TM Acquisitions	No	Yes
Develop TMs	Yes	Yes
Recommend Change	No	Yes
Control TM Improvement System	No	Yes ^{2/}
Perform Technical Content Analysis	No	Yes ^{2/}
Develop TM Reproducible Master	Yes	Yes
Prepare Reproduction Package	Yes	Yes ^{2/}
Reproduce TMs	Yes	Yes ^{2/}
Control Reproducible Material	Yes	Yes ^{2/}
Control TM Inventory	Yes	Yes ^{3/}
Store/Issue TMs	Yes	Yes ^{3/}
Ship TMs	Yes	Yes ^{3/}
Request or Change TM Account Information	Yes	Yes ^{3/}

See footnotes at end of appendix.

**APPENDIX C - AIR FORCE INFORMATION PUBLISHING SERVICE AND JOINT
COMPUTER-AIDED ACQUISITION AND LOGISTICS SUPPORT REQUIREMENTS
COMPARISON^{1/} (cont'd)**

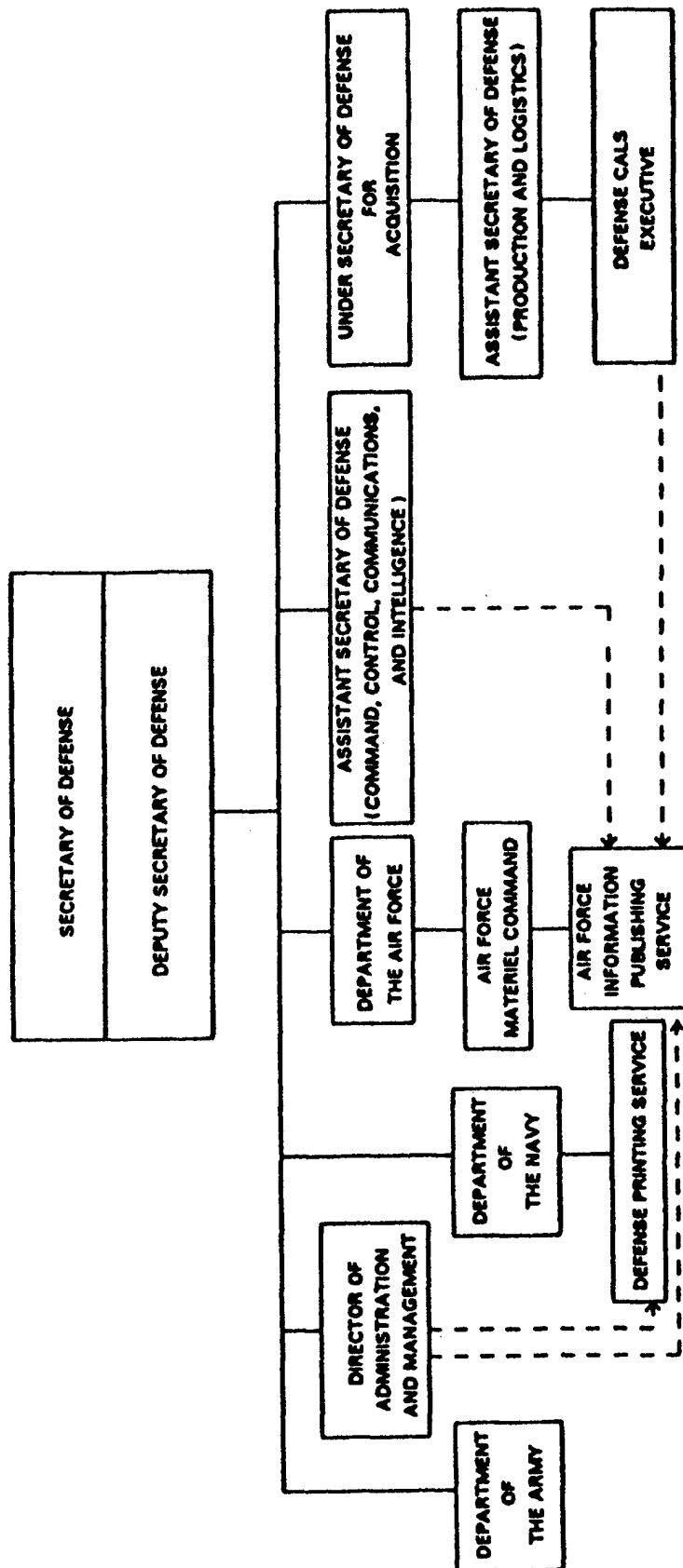
<u>Functional Description</u>	<u>902-S RFP Requirement</u>	<u>JCALs Requirement</u>
Control TM Distribution Requirements	Yes	Yes ^{3/}
Create Non-Recurring TM Requirements	Yes	Yes ^{3/}
Make TM Distribution	Yes	Yes ^{3/}
Perform Reviews	Yes	Yes ^{3/}

^{1/}Per "JCALS and Air Force Information Publishing Service/902-S Duplication Assessment Analysis," July 16, 1992.

^{2/}This capability will be met through a JCALS contract modification.

^{3/}This capability will be met through a JCALS supplemental procurement.

APPENDIX D - ORGANIZATIONAL ALIGNMENT AND RESPONSIBILITIES



..... = OVERSIGHT

APPENDIX D - ORGANIZATIONAL ALIGNMENT AND RESPONSIBILITIES
(cont'd)

Office of the Assistant Secretary of Defense (P&L), Defense CALS Executive. Responsible for developing policy and procedures and providing guidance, leadership, and problem resolution to achieve the joint DoD-industry objective to transition from paper-intensive processes to highly automated, standardized, and integrated processes for Defense system acquisition, design, manufacturing, and life-cycle support. Specific objectives include policy development; oversight; and policy implementation for technical data, configuration management, and technical manuals.

Assistant Secretary of Defense (C³I). Responsible for establishing and implementing information management policy, processes, programs, and standards to govern the development, acquisition, and operation of automated data processing equipment by DoD. ASD(C³I) issues policy and procedures on the oversight of DoD FIP resource acquisition contracts.

Director of Administration and Management, OSD. Principal assistant and adviser on DoD-wide organizational and administrative management matters and controls printing activities as well as information resources necessary to deliver technical and administrative information to users. The Director provides policy guidance to and oversees the newly created DPS.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT**

Date: November 19, 1986
From: Deputy Secretary of Defense
To: Memorandum for all DoD
Synopsis: Established an oversight group for DoD printing and duplicating and assigned the lead to the Deputy Assistant Secretary of Defense (Administration).

Date: September 19, 1991
From: Deputy Secretary of Defense
To: Memorandum for all DoD
Synopsis: Approved the September 10, 1991, consolidation implementation plan submitted by the Director of Administration and Management in response to the November 16, 1990, Deputy Secretary of Defense approved consolidation. Also established the DPS effective October 1, 1991.

Date: March 16, 1992
From: Director of Administration and Management
To: Secretaries of the Military Departments and Under Secretary of Defense for Acquisition
Synopsis: Directed that the implementation of the consolidation of DoD printing and duplicating activities would be effective on April 6, 1992.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: May 28, 1992

From: Defense CALS Executive

To: Administrative Assistant to the Secretary of the Air Force

Synopsis: Requested the Air Force position on the placement of the 902-S procurement. This memorandum was a follow-up to a verbal request on May 15, 1992. The Air Force position was requested no later than June 5, 1992. According to this memorandum, no contract should be awarded until resolution of this issue.

Date: June 29, 1992

From: ASD(P&L)

To: Under Secretaries of the Military Departments

Synopsis: Directed the Navy and the Air Force (Navy lead) to develop a 902-S management plan and submit it to the Defense CALS Executive for approval. The management plan was to include a careful review of the 902-S statement of work because the statement of work mandated 902-S use for all Air Force requirements within contract scope. The memorandum directed that any eventual contract must allow flexibility to acquire services at the best value. The memorandum also directed coordination of the statement of work with the Program Manager, JCALS, since 902-S services would be used in conjunction with JCALS functional applications. In addition, the memorandum directed that management of the AFIPS 902-S program be transferred to DPS.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: July 1, 1992

From: Deputy Assistant Secretary of Defense (Information Systems)

To: Defense CALS Executive

Synopsis: Expressed concern about the overlap of printing and information resources management areas as stipulated by the 902-S RFP. The memorandum anticipated ASD(C³I) involvement in oversight of the 902-S contract by the expanded DoD FIP Resource Contract Procedures.

Date: July 9, 1992

From: ASD(P&L)

To: Under Secretaries of the Military Departments and Director, DLA

Synopsis: Cautioned that duplication with the JCALS program regardless of funding source is directly opposed to existing policy outlined in the January 14, 1991, Deputy Secretary of Defense memorandum, "Plan for Implementation of Corporate Information Management in DoD."

Directed that AFIPS was to be moved under the oversight of the Defense CALS Executive effective the beginning of FY 1993.

Requested each addressee to submit to the Defense CALS Executive by July 31, 1992, current program system functional descriptions (or equivalents) and cost estimates, including projected savings. Plans to migrate AFIPS to JCALS should be submitted to the Defense CALS Executive by September 30, 1992.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: July 24, 1992

From: ASD(C³I)

To: Secretaries of the Military Departments; Directors of Defense Agencies; Director, Joint Staff; and Director, Washington Headquarters Service

Synopsis: Issued revised policy and procedures for oversight of DoD FIP resource acquisition contracts. This memorandum requested that ASD(C³I) be kept informed, within 30 days, of substantive issues as well as be provided management plans and semiannual status reports.

The ASD(C³I) review would include:

- o validated needs/satisfaction of needs review,
- o acquisition strategy plans,
- o agency procurement request,
- o program manager charter, and
- o requirements analysis.

Date: August 13, 1992

From: Deputy Assistant Secretary of Defense (Information Systems)

To: Defense CALS Executive; Director, Defense Printing Service; and Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics)

Synopsis: Determined that the AFIPS 902-S program was a FIP resource acquisition contract and that the Air Force was expected to comply and submit the appropriate management plan to ASD(C³I).

**APPENDIX E: CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: September 28, 1992

From: Deputy Assistant Secretary of the Air Force
(Communications, Computers, and Logistics)

To: ASD(C³I)

Synopsis: Stated that "...confusion regarding contradictory functional guidance in light of acquisition decisions is seriously impeding competition and progress on this solicitation." The memorandum requested guidance on whether the Air Force and GPO could proceed with the 902-S procurement as authorized by GSA in a DPA.

Date: October 7, 1992

From: Defense CALS Executive

To: Commander, Naval Information Systems Management
Center

Synopsis: Stated that the transition of AFIPS to DPS was taking too long and requested support as the lead Military Department focal point to assess where the transition stood at that time. Also requested an opinion on whether or not the contract action should be allowed to continue and requested a briefing about October 19, 1992.

Date: October 7, 1992

From: Defense CALS Executive

To: Deputy Assistant Secretary of the Air Force
(Communications, Computers, and Logistics)

Synopsis: Expressed concern that submittal of the transfer management plan had not occurred in a timely manner and that acceptance of the 902-S proposals could be impacted. Requested support toward resolving any outstanding issues so the transfer could be expeditiously completed. Asked if allowing the submission of proposals in early November 1992 was prudent.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: October 13, 1992

From: Defense CALS Executive

To: [Deputy] Assistant Secretary of the Air Force
(Communications, Computers, and Logistics)

Synopsis: Refers to Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) memorandum of September 28, 1992. The Defense CALS Executive stated there was no dilemma since each correspondence referenced had a purpose. The most important issue was to adhere to the [Deputy Secretary of Defense] memorandum of September 19, 1991, stating "Departmental printing procurement will be transferred from the Military Departments and DLA to the DPS."

Date: October 26, 1992

From: Deputy Assistant Secretary of Defense (Information Systems)

To: Deputy Assistant Secretary of the Air Force
(Communications, Computers, and Logistics)

Synopsis: Critical management issues must be resolved before the AFIPS 902-S contract is awarded. The Air Force should comply with the ASD(P&L) June 29, 1992, memorandum to transfer management of the AFIPS 902-S program to DPS.

**APPENDIX E - CHRONOLOGY OF AIR FORCE INFORMATION PUBLISHING
SERVICE OVERSIGHT (cont'd)**

Date: February 8, 1993

From: Principal Deputy ASD(P&L)

To: Under Secretaries of the Military Departments

Synopsis: Directed the withdrawal of the 902-S solicitation and the transfer of responsibility for meeting 902-S requirements to DPS. The Air Force should refrain from any action that treats 902-S as an acquisition outside the purview of DPS, should work with DPS to transfer appropriate resources, and should ensure that program documentation is provided to DPS in good order.

ASD(P&L) reviewed oversight responsibilities for 902-S with ASD(C³I) and the Director of Administration and Management and all agree that if the 902-S acquisition proceeds, OSD oversight must be a shared responsibility and coordinated effort. Also, the Defense CALS Executive has the lead for functional requirements.

Date: February 12, 1993

From: Deputy Assistant Secretary of the Air Force
(Communications, Computers, and Logistics)

To: Public Printer; Administrator, General Services Administration; and Vice Commander, Air Force Materiel Command

Synopsis: Requested the Public Printer to withdraw the 902-S solicitation and the Administrator, General Services Administration, to cancel the DPA.

Date: February 17, 1993

From: Contracting Officer, GPO

To: Offerors

Synopsis: GPO announced the withdrawal and cancellation of the 902-S solicitation.

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APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR FORCE COMMENTS

This appendix provides detailed responses to comments from the Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics) on the findings and other statements in the report. The full text of the comments is in Part IV. On January 13, 1993, we requested data to support statements made in the Air Force comments. The Air Force did not provide the requested data as of the date of this report.

Finding A. Acquisition Planning and Contract Strategy

Management comments. The Air Force stated that acquisition planning was sufficient as evidenced by the October 26, 1992, Deputy Assistant Secretary of Defense (Information Systems) memorandum that approved the 902-S Acquisition Management Plan as fulfilling ASD(C³I) acquisition requirements.

Audit response. A cornerstone of acquisition planning is a comprehensive requirements analysis that documents the quantitative or qualitative requirements that must be met and documents why those requirements are necessary to meet the mission needs. The Air Force requirements analysis did not do this. Neither the quantitative nor the qualitative requirements were clearly defined. The Air Force did not define the number of sites, the number of mandatory versus nonmandatory users, or the Military Department requirements by line item. In addition, because the requirements were not properly defined before the issuance of the RFP, the RFP was amended 6 times with 930 pages of technical changes. Further, critical issues such as potential duplication of sites, potential duplication with JCALS, and contract strategy remained unresolved. Although ASD(C³I) approved the Air Force Acquisition Management Plan, the plan was not sufficient. Further, ASD(C³I) does not have oversight responsibility for the CALS and printing portions of the 902-S procurement.

Management comments. The Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics); the Defense CALS Executive; and the JCALS Program Manager mutually agreed to the requirements acquisition strategy before a request for a DPA from GSA. Further, the requirements acquisition strategy was developed in coordination with OSD, the Air Force, the contracting officer, and GSA and was determined to be appropriate, culminating in the issuance of the DPA.

Audit response. The Air Force has provided no documentation supporting a mutual agreement to the requirements acquisition strategy before a request for a DPA from GSA. We do not agree that the acquisition strategy was appropriate. The Air Force acquisition strategy severely restricts the ability of DPS to satisfy its DoD mandate and

APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR FORCE COMMENTS (cont'd)

lacks sufficient flexibility to meet the needs of all Defense organizations. In addition, the Air Force acquisition strategy does not comply with DMRD 998.

Management comments. The draft report offered no evidence that the Air Force did not comply with the FAR requirements.

Audit response. The Air Force did not comply with the FAR requirements on a comprehensive plan for filling agency needs at a reasonable cost. Only necessary and cost-effective requirements should be included and the proper contract type should be selected before the RFP is issued. The RFP was issued without a comprehensive requirements analysis before duplication with DPS and JCALS were resolved and without agreement on the proper contract type. The need for 6 amendments, 930 pages of technical changes, and planned future amendments to the schedule of estimated quantities demonstrates the lack of a comprehensive plan as required by the FAR.

Management comments. The 902-S RFP clearly stated that the RFP was an Air Force requirements contract and provided for optional use by other Services and DoD agencies. The original Air Force requirements analysis was never called into question, and there was no supporting data to suggest the Air Force requirements were not valid. The draft report offered no quantifiable evidence to support the statement that the RFP requirements were overstated.

Audit response. We did not attempt to conduct a requirements analysis for the Air Force. The report did, however, present sufficient information to question the requirements analysis performed by the Air Force to support the RFP. Although the RFP did state that the Army and Navy requirements were optional, the RFP does not specify the requirements by Military Department. Therefore, potential contractors could not determine how much of the specified requirements would be mandatory versus optional, and the contractors were unaware as to how much work they could reasonably expect from the contract. If the Air Force had conducted a valid requirements analysis, the Air Force would have been able to provide contractors with estimated quantitative and qualitative requirements by Military Department and would have the information needed for the change in contract type to an indefinite delivery/indefinite quantity-type contract. The inclusion of requirements that duplicate DPS and JCALS in the RFP overstates the needs of DoD.

**APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

Finding B. Transfer to Defense Printing Service

Management comments. The Air Force stated that all resources required by DMRD 998 and Program Budget Decision 426 were transferred as directed. The Air Force transferred 722 personnel and substantial equipment and facilities devoted to printing operations in response to DMRD 998 and Program Budget Decision 426. The Air Force stated that 902-S program resources were not intended to transfer to DPS because 902-S was not a printing operation but was a method of contracting out printing and publishing services.

Audit response. This report covers the 902-S procurement and the implementation of DMRD 998 as it pertains to this procurement. We did not review the implementation of DMRD 998 Air Force-wide. DMRD 998 designated DPS as the single manager for printing, whether accomplished in-house or by contract. This included GPO procurements. Intrinsic to the DPS mission, DPS is responsible for establishing requirements for printing and duplicating and is the single interface with GPO, not the Air Force. Therefore, the Air Force should have transferred the 902-S procurement to DPS.

Management comments. The Air Force stated that the issue of the 902-S transfer to DPS was discussed with the appropriate organizations in OSD and the Navy before and after implementation of DMRD 998 and that the organizations mutually agreed that the Air Force would continue the RFP and transfer the 902-S procurement to DPS upon contract award.

Audit response. The Air Force did not provide us documentation to support its statements that the Air Force specifically addressed the issue of 902-S procurement transfer to DPS before and after implementation of DMRD 998. Lacking supporting documentation, we noted that as of November 27, 1992, the Air Force and the Navy draft management plans, that addressed this issue, were not finalized or signed. We believe that no agreements were finalized with OSD and Navy on the transfer of the 902-S procurement. Also, the Assistant Secretary of the Navy (Research, Development, and Acquisition) stated in his response to the report that DPS is ready to accept the 902-S procurement.

APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR FORCE COMMENTS (cont'd)

Management comments. The Air Force stated that the report cites ASD(P&L) correspondence of June 29, 1992, but fails to comment that the guidance was inappropriate since the guidance originated outside the acquisition chain of command for the information resource management acquisitions. The Air Force stated that it made a concerted effort to maintain acquisition integrity by seeking appropriate guidance.

Audit response. The report did not state that the June 29, 1992, guidance from the ASD(P&L) was inappropriate direction because we believe the guidance was appropriate. OSD oversight of this procurement, because it crosses organizational lines of responsibility, must be shared. ASD(C³I) has oversight of FIP resource acquisitions; the Director of Administration and Management, OSD, has printing and duplicating oversight authority; and OASD(P&L) has the lead for functional requirements.

Finding C. Oversight

Management comments. The Air Force stated the report was not accurate in stating that OSD oversight of the 902-S procurement was not clear to the Air Force and that three OSD offices have oversight responsibility for the 902-S procurement. Further, the report does not acknowledge that ASD(C³I) is responsible for FIP resources acquisition contracts and thus is the ultimate acquisition oversight authority responsible for this procurement. The other OSD organizations, OASD(P&L), and the Director of Administration and Management have very specific and limited functional responsibility.

Audit response. The report cited a Deputy Assistant Secretary of the Air Force (Communications, Computers, and Logistics), September 28, 1992, memorandum to ASD(C³I) that highlighted the problems by stating "...confusion regarding contradictory functional guidance in light of acquisition decisions is seriously impeding competition and progress on this solicitation."

The report also correctly identified three OSD offices with oversight responsibility for this procurement. ASD(C³I) has oversight of FIP resources acquisition, the Director of Administration and Management has oversight for printing and duplicating, and the Defense CALS Executive has oversight for functional requirements. The nature of the 902-S procurement, which includes all three areas, makes coordinated oversight essential. The report, in the Background section and in Finding C, acknowledges the important role and responsibilities of ASD(C³I) related to the 902-S procurement.

**APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

Management comments. The Air Force stated that the audit omitted relevant printing and publishing regulations and an applicable Public Law, specifically U.S.C., title 44, that should be within the stated scope of the audit. The Air Force stated that this was a significant internal control assessment weakness.

Audit response. The audit scope and the internal controls analysis included U.S.C., title 44. The audit scope and the internal controls analysis were complete and appropriate.

Management comments. The Air Force stated that its memorandum of September 28, 1992, did highlight confusing functional guidance, but that the report incorrectly concluded that OSD oversight confusion existed when there was confusion only with regard to functional responsibility, not acquisition oversight.

Audit response. The report states that direction and guidance from multiple sources resulted in confusion and potential duplication and cites the September 28, 1992, memorandum as evidence of that confusion. We believe the OASD(P&L) memorandum of February 8, 1993, resolves that confusion.

Management comments. The Air Force stated that the report attempts to assign responsibility based on a percentage breakdown of the 902-S procurement and incorrectly concludes the Defense CALS Executive should provide oversight of the 902-S procurement. Further, an approach based on a percentage breakdown is not correct.

Audit response. Finding C provides a breakdown of the RFP and provides the percent of estimated requirements by FIP resources, administrative resources, and CALS resources. The purpose of the breakdown was to demonstrate that the 902-S procurement crosses lines of responsibility within OSD. The intent of our recommendation was for the organizations involved to provide joint guidance on the management of the 902-S procurement and resolve critical issues related to the procurement.

**APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

Management comments. The Air Force stated that ASD(C³I) is ultimately solely responsible for all technical, administrative, and training data, including CALS, and all publishing and printing whether printed, digital, or electronic.

Audit response. As previously noted, the February 8, 1993, OASD(P&L) memorandum stated that OASD(P&L) reviewed oversight responsibilities for the 902-S procurement with ASD(C³I) and the Director of Administration and Management and that all agreed that OSD oversight must be a shared responsibility and coordinated effort. The arrangement set forth in the memorandum is that the Deputy Assistant Secretary of Defense (Information Systems) has oversight of FIP resources acquisition, the Director of Administration and Management has printing and duplicating oversight authority, and the Defense CALS Executive has the lead for functional requirements.

Management comments. The Air Force stated that ASD(C³I), the Defense CALS Executive, the Navy, and the Air Force committed to permit the Air Force to proceed to contract award as evidenced in both the Air Force and Navy management plans; and that commitment is evidence that the 902-S procurement would meet DoD requirements and is in the best interests of DoD.

Audit response. We are aware of a series of discussions that were held between different OSD organizations, the Navy, and the Air Force on the 902-S procurement. However, we found no documentation of any agreement that would permit the Air Force to manage the 902-S procurement until after award of the contract. The Navy, in its response to the report, stated that DPS will develop requirements analyses of all DoD publishing and printing requirements that cannot be met by internal sources or existing contracts.

Management comments. The Air Force stated that the report should recommend that ASD(C³I) should review the implementation of the DoD Information Resources Management Program. Specifically, a reassessment of policy for acquisition oversight and functional responsibility appears appropriate for emerging electronic data and printing and publishing environments and should include a review of U.S.C., title 44 implementation for all Government systems that produce data at Government expense.

Audit response. A recommendation of that magnitude is not warranted based on the scope of this audit.

**APPENDIX F- DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

Other Comments

Management comments. The Air Force stated that the July 17, 1992, Air Force Audit Agency memorandum did not request an audit. Rather, the Audit Agency advised of concerns identified during a survey. The Air Force also stated that the draft report did not mention the Air Force Audit Agency memorandum of August 3, 1992, that stated the Air Force Audit Agency had failed to properly staff and validate Audit Agency survey observations.

Audit response. The Air Force Audit Agency memorandum advised the Inspector General, DoD, of a number of concerns on the 902-S procurement for consideration as a possible audit. On July 31, 1992, Air Force Audit Agency personnel requested an audit. We recognized that the Air Force Audit Agency concerns were observations. It was not relevant to our audit whether the Air Force Audit Agency staffed its observations.

Management comments. The Air Force stated that the July 21, 1992, Joint Committee on Printing letter was misrepresented. The Committee letter requested an investigation of potential criminal tampering with this procurement, not an audit of the acquisition.

Audit response. The Committee letter forwarded information to the Inspector General, DoD, for our "independent review and investigation." We conducted an independent audit. The Inspector General, GPO, conducted an investigation and we coordinated the audit work with the Inspector General, GPO. Also, the Committee letter contained information that was properly addressed by an audit.

Management comments. The Air Force stated that the 902-S procurement was incorrectly compared to existing in-house systems and capabilities in DPS despite estimates reflecting that approximately 94 percent of the proposed contract pertained to the acquisition of services from the commercial sector. A joint GPO and DoD study concluded that DPS' in-house capabilities were 53 percent more costly than contracted-out services. The Air Force also stated that Appendixes B and C contributed to this distortion. The source of information for Appendix B was misrepresented. Appendix C stated the 902-S procurement duplicates existing capabilities in JCALS but does not mention that the "duplication" would not occur until the JCALS contract was modified and until a new procurement was initiated.

Audit response. The report correctly raised the issue of potential duplication of sites and potential duplication with JCALS. A cost comparison between existing DPS and proposed 902-S systems cannot be validated until adequate cost data for the proposed system is available. The question of whether one vendor for conventional printing

**APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

under the 902-S procurement would be more effective than DPS procedures of competing among hundreds of bidders was not addressed by the Air Force. In addition, the Air Force had not addressed the issue of whether automation in the 902-S procurement would be more cost-effective than current CALS efforts. Appendix C is clearly footnoted to show which JCALS capabilities could be met through a contract modification or a supplemental procurement. Duplication of JCALS, regardless of funding source, was in direct opposition to policy outlined in a January 14, 1991, Deputy Secretary of Defense memorandum.

In addition, the Assistant Secretary of Navy (Research, Development, and Acquisition) concurred with the report and stated that DPS will ensure that duplication of effort at those sites where existing DPS publishing and printing capability currently exists will be resolved and potential duplication with JCALS will be resolved.

Management comments. The Air Force stated that the report suggests that a requirements contract strategy was of less merit than an indefinite delivery/indefinite quantity contract strategy and implied that a requirements contract involves greater Government risk, liability, and oversight. The Air Force did not concur with this assessment.

Audit response. The report recognizes that both contract types offered flexibility in quantities, delivery scheduling, and ordering after requirements materialize. The report points out that an indefinite delivery/indefinite quantity contract limits the obligation of the Government to the minimum quantity specified in the contract. However, requirements contracts require all supplies or services within the contract scope to be placed with the contractor and by definition involve greater Government risk, liability, and oversight. A contract that required use by all of the Air Force would have severely restricted the ability of DPS to decide the best way to satisfy its DoD mandate. Such a contract would have also impinged upon the DPS ability to achieve estimated savings intended by DMRD 998.

**APPENDIX F - DETAILED AUDIT RESPONSES TO DEPARTMENT OF THE AIR
FORCE COMMENTS (cont'd)**

Management comments. The Air Force stated that the report incorrectly portrayed the 902-S procurement as a CALS program.

Audit response. The report does not portray the 902-S procurement as a CALS program. Finding C provides a breakdown of the RFP and provides the percent of the estimated requirements by FIP resources, administrative resources, and CALS resources. Based on Air Force estimated requirements in the 902-S RFP, more than half the estimated cost was for CALS.

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APPENDIX G: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

<u>Recommendation Reference</u>	<u>Description of Benefit</u>	<u>Amount and/or Type of Benefit</u>
A.1.	Economy and Efficiency. Withdraws the 902-S RFP.	Undeterminable. Prevents contract award that may not provide the best solution to DoD publishing and printing requirements.
A.2.	Internal Controls. Requires reporting to Congress in accordance with the FY 1993 Appropriation Act.	Nonmonetary.
B.1.	Economy and Efficiency. Transition to DPS will result in more efficient contract award and more effective use of administration resources.	Nonmonetary.
B.2.	Economy and Efficiency. DPS will not reissue the RFP until all issues pertaining to the 902-S RFP and acquisition strategy have been resolved.	Nonmonetary.
C.	Internal Control. Requires OSD oversight clarification. Provides accountability for compliance with existing internal controls.	Nonmonetary.

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APPENDIX H - ACTIVITIES VISITED OR CONTACTED

Department of Defense

Under Secretary of Defense for Acquisition, Washington, DC
Assistant Secretary of Defense (Command, Control, Communications,
and Intelligence), Washington, DC
Assistant Secretary of Defense (Production and Logistics),
Defense CALS Executive, Washington, DC
Director of Administration and Management, Washington, DC

Department of the Army

Army Publications and Printing Command, Information Systems
Command, Alexandria, VA

Department of the Navy

Defense Printing Service, Washington, DC
Naval Audit Service, Washington, DC

Department of the Air Force

Administrative Assistant, Office of the Secretary of the Air
Force, Washington, DC
Directorate of Information and Administration, Bolling AFB, MD
Deputy Assistant Secretary of the Air Force (Communications,
Computers, and Logistics), Washington, DC
Deputy Chief of Staff of the Air Force (Command, Control,
Communications, and Computers), Washington, DC
Deputy Chief of Staff of the Air Force (Logistics), Washington,
DC
Directorate of Concepts and Integration, Washington, DC
Logistics Systems Integration Division, Washington, DC
Headquarters, Air Force Materiel Command, Wright-Patterson
AFB, OH
Air Force Information Publishing Service, Arlington, VA
Air Force Audit Agency, Washington, DC

Defense Agency

Headquarters, Defense Logistics Agency, Alexandria, VA

Non-DoD

General Services Administration, Washington, DC
Government Printing Office, Washington, DC

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APPENDIX I - REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition
Director of Defense Procurement
Assistant Secretary of Defense (Command, Control,
Communications, and Intelligence)
Deputy Assistant Secretary of Defense (Information
Systems)
Assistant Secretary of Defense (Production and Logistics)
Defense CALS Executive
Comptroller of the Department of Defense
Director of Administration and Management
Defense Management Report Implementation Coordination Office

Department of the Army

Secretary of the Army
Director of Information Systems for Command, Control,
Communications, and Computers
Auditor General, Army Audit Agency
Inspector General, Department of the Army

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Assistant Secretary of the Navy (Research, Development, and
Acquisition)
Naval Supply Systems Command
Defense Printing Service
Auditor General, Naval Audit Service

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and
Comptroller)
Assistant Secretary of the Air Force (Acquisition)
Deputy Assistant Secretary of the Air Force (Communications,
Computers, and Logistics)
Commander, Air Force Materiel Command
Commander, Logistics Management Systems Center
Air Force Information Publishing Service 902-S Program Office
Auditor General, Air Force Audit Agency

Non-DoD

Office of Management and Budget
National Security and International Affairs Division, Technical
Information Center, General Accounting Office
Inspector General, Government Printing Office

APPENDIX I - REPORT DISTRIBUTION (cont'd)

Chairman and Ranking Minority Members of Each of the Following
Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security,
Committee on Government Operations
Joint Committee on Printing

Senator Wendell H. Ford, U.S. Senate
Senator Ted Stevens, U.S. Senate
Congressman Pat Roberts, U.S. House of Representatives
Congressman Charles Rose, U.S. House of Representatives

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PART IV - MANAGEMENT COMMENTS

Assistant Secretary of Defense (Command, Control, Communications,
and Intelligence)

Assistant Secretary of Defense (Production and Logistics)

Director of Administration and Management

Department of the Navy

Department of the Air Force

**ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS
AND INTELLIGENCE)**



COMMAND CONTROL,
COMMUNICATIONS
AND
INTELLIGENCE

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON DC 20301-3040

December 28, 1992

MEMORANDUM FOR INSPECTOR GENERAL

**SUBJECT: Draft Quick-Reaction Report on the Air Force
Information Publishing Service 902-S Procurement
Program (AFIPS/902-S) (Project No. 2CD-9008)**

We have reviewed the draft quick-reaction report as requested by your November 27, 1992, memorandum. The AFIPS/902-S program involves acquisition of Federal Information Processing (FIP) resources but the draft report does not properly portray the significant FIP resource acquisition oversight provided to the program by my office. We do not agree with the report as written and do not concur with Finding and Recommendation C pertaining to oversight. Our specific comments on the report and recommendations are attached.

A handwritten signature in dark ink, appearing to read "Duane P. Andrews".

Duane P. Andrews

Attachment

**ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS
AND INTELLIGENCE) (cont'd)**

Final Report
Page Number

**DRAFT QUICK-REACTION REPORT ON THE AIR FORCE INFORMATION
PUBLISHING SERVICE 902-S PROCUREMENT PROGRAM (AFIPS/902-S)
(PROJECT NO. 2CD-9008)**

OASD(C3I) SPECIFIC COMMENTS

17 - 20

FINDING AND RECOMMENDATION C, Page 23-27: NONCONCUR. The report contends that oversight of the 902-S procurement was not clear to the Air Force and recommends that a joint memorandum be issued to the Navy and Air Force to clarify oversight. We do not agree with the finding or the recommendation. The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence)(OASD(C3I)) has been monitoring the AFIPS/902-S program since mid-1991. Since the Air Force had already submitted an Agency Procurement Request (APR) and received a Delegation of Procurement Authority (DPA) from GSA in accordance with Federal Information Resource Management Regulations (FIRM), we advised the AFIPS/902-S Program Manager that DASD(IS) intended to bring the program under direct oversight concurrent with issuance of revised oversight procedures for FIP resource contracts. We continued to work directly with the Air Force and all DoD Components on the revised procedures. The Air Force was well aware of the forthcoming oversight requirements they were to follow. The ASD(C3I) memorandum of July 24, 1992, promulgated expanded oversight requirements for FIP Resources Contracts to all DoD Components. The July 24, 1992, memorandum contained specific instructions for submitting a management plan for acquisitions already underway, such as AFIPS/902-S. To assure the Air Force understood that the AFIPS/902-S program must comply with July 24, 1992, oversight requirements, DASD(IS) memorandum of August 13, 1992, directed the Air Force to comply with the July 24, 1992, instructions and submit promptly a management plan for the in-process AFIPS/902-S acquisition. In response to this direction, the Air Force forwarded the Management Plan for AFIPS/902-S on August 27, 1992. DASD(IS) memorandum of October 26, 1992, advised the Air Force the management plan fulfilled the requirements of the ASD(C3I) July 24, 1992, memorandum. These facts relating to oversight of the program by OASD(C3I) have not been included in the draft report casting doubt on the thoroughness and completeness of the audit report.

General Comment: This draft report does not accurately describe the significant oversight of the FIP resource acquisition provided by OASD(C3I). Oversight of FIP resource acquisition is singularly the responsibility of OASD(C3I) and cannot be shared. The draft report implies that oversight is a shared responsibility and incorrectly equates functional proponent responsibilities with oversight responsibilities.

**ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS
AND INTELLIGENCE) (cont'd)**

Final Report
Page Number

EXECUTIVE SUMMARY, Audit Results: We disagree with the draft report's conclusion that the AFIPS procurement lacks sufficient acquisition planning and sufficient definition of contract strategy. The AFIPS/902-S Program, as originally developed by the Air Force and portrayed in the management plan submitted in response to the DASD(IS) direction, documented the Air Force acquisition planning and clearly defined the proposed contract strategy.

We also disagree with the statement in the Executive Summary that "The Office of the Secretary of Defense oversight of the AFIPS 902-S procurement program was not clear to the Air Force." Oversight of the FIPS resource acquisition was abundantly clear to the Air Force for the reasons stated in our comment on Finding and Recommendation C.

PART I - INTRODUCTION, Background, Page 2: The responsibilities of ASD(C3I) have not been reported fully. ASD(C3I) responsibilities are described in DODD 5137.1 and DODD 8000.1. The draft report should be revised to properly portray ASD(C3I) as responsible for establishing policy and implementation, execution, and oversight of the Defense Information Management Program.

Internal Controls, Controls assessed, Page 4: While the draft report indicates that applicable laws and regulations pertaining to FIP resources were reviewed, there is no statement showing what printing and publishing laws and regulations were reviewed. Title 44 U.S.C. covers the Information Management area, as well as printing and publishing, and should have been included in the review of applicable laws.

PART II - FINDINGS AND RECOMMENDATIONS, ACQUISITION PLANNING AND CONTRACT STRATEGY, Page 7: We do not agree with the statement in the draft report that states the AFIPS/902-S procurement lacked sufficient acquisition planning and definition of contract strategy and did not comply with FAR requirements. The Air Force submitted required documentation and GSA found the acquisition planning sufficient to grant a Delegation of Procurement Authority to the Air Force. The draft report should reflect that the Air Force submitted the required documentation to the GSA and received a Delegation of Procurement Authority in accordance with FIRM procedures.

Finding B. Transfer to Defense Printing Service, Page 19: The draft report recommends that the AFIPS/902-S program be transferred immediately to Defense Printing Service (DPS). The report does not address the pros and cons of an immediate transfer versus a transfer in July 1993. Immediate transfer could have a disruptive impact on the program and places successful acquisition at significant risk. The draft report does not mention the option to allow the Air Force to proceed with the acquisition through contract award, when AFIPS/902-S

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**ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS
AND INTELLIGENCE) (cont'd)**

would transfer to DPS. This acquisition strategy is included in the AFIPS/902-S Management Transfer Plan forwarded on November 12, 1992 by the Navy for OSD approval. Furthermore, the draft report does not include any statement or reference to the Management Transfer Plan forwarded by the Navy. These omissions further illustrate the incompleteness of the draft report.

ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS)



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON DC 20301-8000

(CALS/FSD)

February 8, 1993

MEMORANDUM FOR DODIG DIRECTOR, CONTRACT MANAGEMENT DIRECTORATE

SUBJECT: Comments on Draft Quick-Reaction on the Air Force
Information Publishing Service 902-S Procurement Program
(Project No. 2CD-9008)

Comments on your recommendations for this office, as documented in the subject draft report, are provided at the attachment. I would like to recognize the audit team for the professional manner in which this audit was conducted. My action officer for this matter is Susan S. Brookins who can be reached at (703) 756-8464.

David J. Berneau
David J. Berneau
Principal Deputy

Attachment

ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS) (cont'd)

Final Report
Page Number

18 Dec 92

**Defense CALS Executive Comments
on
DoDIG Draft Quick-Reaction Report on the
Air Force Information Publishing Service 902-S Procurement Program
(Project No. 2CD-9008)**

DoDIG Recommendation

Comment

11

Page 17. ASD(P&L) immediately notify Congress of the automated CALS included in the 902-S procurement, unless the procurement is canceled.

CONCUR. ASD(P&L) is aware of the requirement to notify Congress 30 days prior to a CALS acquisition. A memorandum to the Under Secretaries of the Military Departments requires Air Force to withdraw the 902-S solicitation. It also requires Navy to act rapidly to meet the Air Force and all other DoD requirements intended to be met by the 902-S procurement. Such actions could include reissuing a modified 902-S request for proposals. If reissued, the Defense Printing Service will estimate quantities of each product/service to be acquired and ASD(P&L) will advise Congress 30 days prior to any new contractual action.

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Page 22. ASD(P&L), DCE; ASD(C3I) and Director, Administration and Management issue a joint memorandum to the Navy and the Air Force clarifying each organization's oversight responsibilities for the AFIPS 902-S program.

CONCUR. The memorandum cited above also addresses oversight responsibilities for each OSD office. The memorandum was drafted by DCE and is being coordinated with ASD(C3I), ASD(P&L) and Director, Administration and Management.

Attachment

ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS) (cont'd)



PRODUCTION AND
LOGISTICS
(CALG/PSO)

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-6000

February 8, 1993

MEMORANDUM FOR THE UNDER SECRETARIES OF THE MILITARY DEPARTMENTS


Subject: Air Force Information Publishing Service (AFIPS/902-8)

The Deputy Secretary of Defense memorandum of September 19, 1991 directed the transfer of departmental printing procurement from the Military Departments and Defense Logistics Agency to the Defense Printing Service (DPS). Intrinsic to this mission, the DPS: 1) is responsible for establishing requirements for printing and duplicating; and 2) is to be the single interface with the Government Printing Office. Accordingly, the Air Force should proceed with the following actions:

- Withdraw the AFIPS/902-8 solicitation and transfer responsibility for meeting 902-8 requirements to the Defense Printing Service;
- Refrain from any actions that treat AFIPS/902-8 as an acquisition outside the purview of the Defense Printing Service;
- Work with the Defense Printing Service to transfer appropriate resources;
- Ensure the AFIPS/902-8 program documentation is in good order and is provided to the Defense Printing Service.

The Navy should rapidly act to meet the Air Force and all other DoD requirements intended to be met by the 902-8 procurement, including cost. Such actions could include reissuing a modified 902-8 request for proposals.

ASD(P&L) has reviewed oversight responsibilities for 902-8 with ASD(CSI) and the Director for Administration and Management. All agree that if this acquisition proceeds, OSD oversight must be a shared responsibility and coordinated effort. Deputy Assistant Secretary of Defense (Information Systems) has oversight of federal information processing resource acquisition; Director, Administration and Management has printing and duplicating oversight authority, and the Defense CALS Executive (DCE) has the lead for functional requirements.


David G. Bartson
Principal Deputy

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DIRECTOR OF ADMINISTRATION AND MANAGEMENT



OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1930

JUL 1982



**MEMORANDUM FOR DIRECTOR, CONTRACT MANAGEMENT, OFFICE OF THE
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE**

**SUBJECT: Draft Quick Reaction Report on the Air Force Information
Publishing Service (AFIPS) 902-S Procurement Program
(Project No. 2CD-9008)**

We have reviewed the subject draft report and concur with the major recommendations, i.e., withdrawal of the AFIPS 902-S request for proposal, immediate transfer of the AFIPS-902S program to the Defense Printing Service, and clarification of OSD oversight roles by all involved proponents.

Arthur V. Ellis
for **D. O. Cooke**
Director

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DEPARTMENT OF THE NAVY



THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

DEC 21 1992


MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

Subj: DODIG DRAFT QUICK-REACTION REPORT ON THE AIR FORCE
INFORMATION PUBLISHING SERVICE 902-S PROCUREMENT PROGRAM
(PROJECT NO. 2CD-9008)

Ref: (a) DODIG memo of 27 November 1992, subject as above

Encl: (1) DON response to DoDIG Draft Report 2CD-9008

Reference (a) requested comments on findings and
recommendations of the subject report pertaining to the
Department of the Navy. Our response is provided at
enclosure (1).


Gerald A. Cann

Copy to:
NAVINSOEN
NAVCOMPT (NCB-53)

DEPARTMENT OF THE NAVY (cont'd)

DEPARTMENT OF THE NAVY RESPONSE
TO
DODIG DRAFT QUICK-REACTION REPORT ON THE AIR FORCE INFORMATION
PUBLISHING SERVICE (AFIPS) 902-S PROCUREMENT PROGRAM

II. SECTION B. TRANSFER TO DEFENSE PRINTING SERVICE

Summary of Finding

The AFIPS 902-S procurement has not transferred to the Defense Printing Service (DPS) as required under Defense Management Report Decision 998. When the program is transferred, requirements analysis, validity of requirement and duplication of effort should be addressed by DPS.

Recommendations

2. We recommend that the DPS withhold any new request for proposal until all of the issues pertaining to the 902-S request for proposal and its acquisition strategy discussed in finding A have been resolved.

DON Comment

Concur. DPS is ready to accept the AFIPS 902-S procurement program as recommended by the DOD IG audit. DPS will ensure that duplication of effort at those sites where existing DPS publishing and printing capability currently exists will be resolved prior to reissuance of the solicitation document.

Duplication of the efforts currently defined under Joint Computer-aided Acquisition and Logistic Support (JCALS) will be addressed between the DPS Management Office representatives and representatives of the Program Manager, JCALS to assure support for JCALS requirements. The estimated completion date for this action is 31 March 1993.

The issuance of an indefinite delivery/indefinite quantity contract for the AFIPS requirement is endorsed by DPS. DPS Management Office representatives will develop requirements analyses of all DOD publishing and printing requirements which cannot be met by internal sources or existing outsourcing applications. Estimated completion for this action is 30 April 1993.

After final definition of the DOD requirement for the AFIPS procurement is established, the DPS will advise the Assistant Secretary of Defense (Production and Logistics) of the proposed procurement of any automated CALS system under the AFIPS requirement. This action cannot take place until the issue of duplication and actual definition of DOD requirements has been resolved. Estimated date for completion of this action is 30 April 1993.

DEPARTMENT OF THE AIR FORCE



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

18 DEC 1992

OFFICE OF THE SECRETARY

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

Subject: Draft Quick-Reaction Report on the Air Force Information Publishing Service
902-S Procurement Program Project No 2CD-9008
--INFORMATION MEMORANDUM

This is in reply to your memorandum requesting Air Force comments on the subject report. I do not concur with the draft report. The findings are incomplete, the discussion lacks objectivity and supporting data is insufficient or misrepresented. As a result, there are key areas in the draft report that need to be accurately addressed and supported with relevant data. As an economy and efficiency audit, the draft report does not properly describe the relationship of this program to other DoD programs and does not reflect that AFIPS/902-S is the only DoD-wide large-scale procurement for *our* sourcing of publishing and printing services that is fully compliant with Title 44 U.S.C. These inaccuracies compromise the validity of the report. Additionally, the draft report does not meet the Report Presentation Standard contained in the Government Auditing Standards issued by the Comptroller General of the United States. The following examples further illustrate report deficiencies:

- a. The Air Force Audit Agency (AFAA) Memo of July 17, 1992 never requested an audit. Rather, AFAA advised of concerns identified during a survey. However, the draft report does not mention the AFAA Memo of August 3, 1992 that stated the agency had failed to properly staff and validate their survey observations.
- b. The Joint Committee on Printing (JCP) Memo of July 21, 1992 has been misrepresented. The JCP Memo requested an investigation to determine if there was potential criminal tampering with this procurement, not an investigation of the acquisition.
- c. Title 44 U.S.C. and Government Printing and Binding Regulations published by the Joint Committee on Printing have not been included in the applicable laws and regulations reviewed as part of the internal controls analysis.
- d. The draft report omits the series of discussions among DASD(IS), DCE, NISMC, NAVSUP and SAF and ensuing agreements reached on the need for the procurement, contract strategy, and schedule for transfer of management of the program.
- e. AFIPS/902-S is incorrectly compared to existing inhouse systems and capabilities in DPS despite estimates reflecting approximately 94 percent of the contract pertains to the acquisition of services from the commercial sector. A joint GPO and DoD study concluded DPS organic capabilities were 53 percent more costly than out sourced opportunities. Appendices B and C contribute to this distortion. The Yellow/Orange Team report used as the

DEPARTMENT OF THE AIR FORCE (cont'd)

source of information for Appendix B is completely misrepresented in the draft report. The objective of that effort was to determine the best capability to fulfill JCALS printing and publishing requirements. It was not a comparison of an individual out sourcing contract to DPS organic production capabilities. Appendix C states AFIPS/902-S duplicates existing capabilities in JCALS but does not mention that "duplication" would not occur until the JCALS contract is modified and until a new procurement is initiated. Further, no independent verification of duplication is provided in the draft report.

f. The draft suggests that the Air Force prerogative to employ a requirements contract strategy was of less merit than an Indefinite Delivery Indefinite Quantity (ID/IQ) contract strategy. The draft further implies that requirements contracts involve greater Government risk and liability and require more oversight. The Air Force does not concur with this assessment.

g. The draft report misrepresents the issue of conflicting functional guidance and also misinterprets my memo of September 28, 1992. Consequently, OSD acquisition oversight is improperly characterized in the draft report and called into question inappropriately. The report conveys a shared oversight role that confuses functional responsibility with acquisition oversight.

h. The draft report incorrectly portrays AFIPS/902-S as a CALS program. The draft omits any reference to correspondence from the Under Secretary of the Air Force and the Principal Military Deputy for the Assistant Secretary of the Air Force for Acquisition that correctly describes AFIPS/902-S as a program to provide publishing and printing capabilities for all information areas including administrative, technical and training.

Because of my direct responsibility to improve DoD acquisitions, I am concerned that the report provide a complete, factual and accurate assessment of AFIPS/902-S. I will work with you to ensure the draft report accurately describes AFIPS/902-S based on all factual data. I have also provided additional specific comments by attachment to include management comments and a mark-up copy of the report, including our rationale, for your use in revising the draft to more accurately reflect the true situation. The issues identified herein can be resolved for greater DoD benefit. I recommend the report be rewritten and reissued as an amended draft for review and comment.


LLOYD J. MOSSMANN, II
Deputy Assistant Secretary
(Communications, Computers &
Logistics)

2 Atch

1. Air Force Management Comments
2. Draft Audit Report w/Mark-up Comments*

Cy to: ASD(C3I)
DCE

*Not included because it restates the draft report.

MANAGEMENT COMMENTS

FINDING A. MANAGEMENT COMMENTS.

FINDING A. NON-CONCUR. The finding states the AFIPS/902-S Program Office lacked sufficient acquisition planning and did not comply with the FAR requirements for acquisition planning. This statement is not supported by a DASD(IS) Memo of October 26, 1992 that approved the AFIPS/902-S Acquisition Management Plan as fulfilling ASD(C3I) acquisition requirements. Therefore, acquisition planning has been sufficient from the acquisition oversight perspective. The discussion in the draft report attempts to cite deficiencies regarding the analysis to support the joint requirements. However, SAF/AQK, DCE and JCALS PM mutually agreed to the requirements acquisition strategy during direct conversations prior to request for a Delegation of Procurement Authority from GSA. Further, the requirements acquisition strategy was developed in coordination with OSD, the AF, the contracting officer, and GSA and was determined to be appropriate, culminating in the issuance of the DPA. The report offers no evidence that the Air Force did not comply with the FAR. The Air Force is the only mandatory user; under the existing RFP, joint requirements are optional under the current solicitation specification. The AFIPS/902-S RFP clearly states the solicitation is an Air Force requirements contract and provides for optional use by other Services and DoD agencies. The original Air Force requirements analysis is never called into question and there is no supporting data to suggest the Air Force requirements do not remain valid. As a requirements contract, only Air Force requirements must be placed against the contract and then only after those requirements are appropriately validated in accordance with Air Force FIP Resources Acquisition procedures. The government is only obligated for the value of validated requirements placed against the contract by the Air Force. The joint requirements are optional, not mandatory and may be satisfied by the contract only when appropriately validated in accordance with Service or DoD agency procedures and determined to be in the best interest of the government based on appropriate economic analysis. The draft report offers no quantifiable evidence to support the statement that the RFP requirements are overstated. In fact, a concerted effort was made to employ conservative estimates for the optional joint requirements. The audit report states in the discussion of Finding A that "Both types of contracts [requirements and ID/IQ] permit flexibility in quantities, delivery scheduling, and ordering supplies or services after requirements materialize." Discussions between DASD(IS), DCE, NISMIC, NAVSUP and SAF/AQK produced agreement by all parties validating the need for the procurement, requirements, contract strategy, and transition plan. As a result of those discussions and agreements: (a) the contract will be restructured from a requirements contract to an ID/IQ contract in accordance with DASD(IS) guidance of October 26, 1992; (b) requirements will be revalidated and specific minimum quantities will be determined; (c) notification to the vendors will be provided; (d) an amended DPA will be obtained; and (e) an amended RFP will be issued.

RECOMMENDATION A.1. NON-CONCUR. The report provides no data to support the contention there is a quantifiable benefit to withdrawing the RFP. During the period of this solicitation, none of the over 300 questions from vendors raised any compelling concerns

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regarding mandatory and optional quantities or in preparing proposals for this solicitation. The recommendation does not acknowledge the mutual agreement by DASD(IS), DCE, NAVSUP, NISMC and SAF/AQK to continue this solicitation and commitment to a contract award expected in late FY93. The recommendation pre-empts the agreement of senior acquisition oversight and functional authorities that the Air Force should continue the acquisition through contract award as described in the management plans for transfer of AFIPS/902-S forwarded via SAF/AQK memo of November 10, 1992 and also in the Navy plan forwarded via NAVSUP Memo dated November 12, 92.

RECOMMENDATION A.2. NON-CONCUR. The Congressional language supporting this recommendation applies to procurement of new systems and does not apply to the existing AFIPS/902-S procurement. Further, since Congress earmarked FY93 funds for this program in the Defense Appropriations Act, Congress is already aware of this procurement activity. In addition, no systems are planned for acquisition in FY93 and the initial acquisition would most likely not occur until FY94.

FINDING A. MONETARY BENEFIT. The draft report states a monetary benefit may accrue to the government if the RFP is withdrawn. The report could not quantify the specific benefits, but rather implies benefits might accrue. The Air Force is unable to quantify any cost benefits by withdrawing the RFP. This procurement is intended to achieve overall cost savings and the potential that some items might be procured at lower cost was considered to be low risk compared to the overall opportunity for savings. The Air Force estimates a loss in planned cost savings on the order of \$3M per month for each month that contract award is delayed. Accumulated delay of six months has already occurred. Hence, we have already compiled an estimated cost avoidance deficit of \$18M since June 1992.

Note: With the change from a requirements to and ID/IQ contract strategy, the level of savings anticipated by the Air Force (\$3M per month) will only be realized if the government provides a substantial first year guarantee of at least \$50M.

SUGGESTED ALTERNATIVE RECOMMENDATION. NO ACTION REQUIRED. The Air Force should comply with DASD(IS) October 26, 1992 Memo and revise the AFIPS/902-S Acquisition Management Plan accordingly and submit the updated plan prior to the start of source selection. Work to revise and validate the quantities for this procurement should begin immediately as per the agreement among DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC. Further, the Services should be directed to provide firm Service requirements and commitments based on compliance with Title 44 U.S.C. and the Government Printing and Binding Regulations.

FINDING B. MANAGEMENT COMMENTS

FINDING B. NON-CONCUR. The finding states that the Air Force did not comply with DEPSECDEF direction embodied in DMRD 998 and PBD 426 by not transferring the

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AFIPS/902-S program to DPS. The audit offers no evidence to support the charge that all resources were not transferred as directed. In fact, the Air Force has executed the transfer of 722 personnel and substantial equipment and facilities devoted to printing operations precisely in response to DMRD 998 and PBD 426. If the execution of DMRD 998 and PBD 426 is in error, that fact should be supported with appropriate evidence and the finding clarified to reflect a procedural deviation. If DMRD 998 and PBD 426 are correct, as the Air Force believes, then AFIPS/902-S resources were not intended to transfer since AFIPS/902-S is not a printing operation but rather a solicitation for the out sourcing of printing and publishing services. The Air Force specifically addressed the issue of the AFIPS/902-S transfer to DPS in several discussions prior to and after implementation of DMRD 998 among SAF/AAI, AFIPS/902-S Program Manager and DPS, and it was mutually agreed that the Air Force would continue the solicitation. Further, the audit does not document DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC decision to transfer AFIPS/902-S to DPS upon contract award. The management plans forwarded by the Air Force and Navy respectively on November 10 and 12, 1992 reflect the decision to transfer the AFIPS/902-S program after contract award. The omission of this extremely relevant decision appears to be a procedural deviation in audit procedures by failing to document whether this decision, by all appropriate parties, was made in error and is inconsistent with Finding C which recommends appropriate coordination by all responsible parties. The fact that all responsible parties had entered direct dialogue and were actively working the transfer has been omitted. The decision of the parties involved must be considered valid unless there is supporting evidence that an error in the decision making process occurred. Since no such evidence is presented in the report, it is concluded that all parties appropriately supported a valid decision. In reviewing the decision making process, the audit discussion cites ASD(P&L) correspondence of June 29, 1992, but fails to comment on the fact that this functional direction was inappropriate direction to acquisition activities since the guidance originated outside the acquisition chain of command for IRM acquisitions. The Air Force has made a concerted effort to maintain acquisition integrity by seeking appropriate guidance. As such, the management transfer will have a direct acquisition impact that was recognized by all parties when DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC agreed to a transfer after contract award. Accordingly, the Air Force believes it has complied with DEPSECDEF direction for a transfer of AFIPS/902-S to DPS based on responsible dialogue and analysis to support reasonable decision making.

RECOMMENDATION B.1. NON-CONCUR. By mutual agreement among DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC, a decision was made to transfer the program upon contract award. This decision was properly incorporated into the management plans for transfer of AFIPS/902-S and forwarded via SAF/AQK memo of November 10, 1992 and also in the Navy plan forwarded via NAVSUP Memo dated November 12, 1992. There is no basis in fact to make a recommendation for an immediate transfer. This questionable recommendation pre-empted or overrules a valid decision by management authorities without presenting compelling evidence that shows the management decision is in error. The recommendation also fails to provide any analysis to document the associated costs for its implementation. Moreover, an immediate transfer will result in program schedule delays and associated cost increases not reported in the audit discussion as providing any offsetting benefit. If no benefit can be quantified, the associated cost should be documented in the report to support a complete decision.

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making process and as evidence to support this recommendation. There is no additional cost if the program remains with the Air Force through contract award, but significant cost increases are expected if the program transfers to DPS immediately. In addition, the audit fails, as an economy and efficiency audit, to compare the costs associated with the report's recommendation for an immediate transfer of the program. If the Air Force continues the program through contract award, only revisions to the existing program documentation are required and an FY 93 contract award remains attainable. There is significant adverse impact to the program in the event of immediate transfer since the Navy, for all practical purposes, would be faced with a new start. The Air Force estimates an additional cost for a new start by the Navy of up to \$5M and a schedule delay of at least 18 months. Further, the additional one year delay will mean the potential for a \$35M savings in FY94 will be lost to DoD users since they will use existing DPS capability that has been identified in a joint DoD and GPO study to be 53% more costly than commercial out sourced opportunities. These costs are significant to warrant further analysis to support any recommendation for a program transfer. An immediate transfer of management of AFIPS/902-S results in an immediate schedule breach of the program acquisition baseline and would likely result in an immediate suspension of the existing Delegation of Procurement Authority (DPA) issued to the Air Force if the transfer changes the acquisition authority under which this procurement is now being conducted (i.e. Air Force to Navy). Inasmuch as the existing DPA cannot be further reassigned or redelegated, it is likely that GSA would require Navy (DPS) to submit a totally new Agency Procurement Request (APR) based on appropriate analysis and supporting data. Any such activity that changes the acquisition authority from the Air Force to the Navy would result in significant delays to the AFIPS acquisition due to the level of effort required for GSA validation/approval of a new Navy procurement versus an amended Air Force procurement. A management transfer that does not specifically address the acquisition issue may result in the Air Force DPA no longer being in force and may terminate the current procurement by withdrawing the existing DPA and RFP. If the DCE recommends, and OSD directs, the transfer of this acquisition to DPS prior to contract award, OSD will, for all practical purposes, be directing the DPA and RFP be withdrawn and the current procurement terminated. An immediate transfer would require DPS to provide funding for all Phase I activities including contractor support for PMO, civilian salaries, travel/per diem and other various office support costs. Contractor support, currently procured by means of an Air Force requirements contract, would not be renewable or available to the Navy and place in jeopardy the expertise and continuity necessary to assure the viability of the procurement and source selection activities. As a result, the current program schedule could not be met by the Navy. Logistically, numerous issues have yet to be addressed. Some of these issues include the status of military and civilian personnel assigned to the PMO. Additionally, new MOAs would need to be negotiated with the GPO regarding the procurement and numerous source selection and acquisition documents would have to be reaccomplished and submitted to GPO for approval.

RECOMMENDATION B.2. NON-CONCUR. This recommendation is inappropriate. A decision was reached among DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC, and direction was provided to the Air Force by DASD(IS) on October 26, 1992 to modify the contract strategy to a ID/IQ contract, accomplish appropriate revisions to the RFP and APR, and obtain an amended DPA. The DASD(IS) Memo of October 26, 1992 provided appropriate

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acquisition direction to the Air Force and provided resolution of outstanding acquisition issues. As a result, there are no acquisition issues remaining to be resolved and, in theory, the Air Force could proceed to execute the direction provided by DASD(IS). In fact, however, the Air Force is deferring to the functional responsibility of the Defense CALS Executive who has asked that we not proceed with contract award pending OSD approval of a plan for transitioning the management of the program from Air Force to DPS.

Any withdrawal and/or delay in reissuing the RFP will most likely result in increased acquisition costs as bidder's proposal teams and teaming arrangements deteriorate and subcontracting, expertise and continuity are lost. Vendors can not be expected to retain current teaming arrangements if the RFP is withdrawn, as implied, indefinitely. Existing and new B&P costs can be expected to be amortized against the cost of this contract in the proposal prices. Consequently, the Air Force believes withdrawing the RFP will not produce any anticipated savings, but, in fact, will result in additional cost to include possible legal action and/or protests against the government. In addition, the Air Force is incurring costs on the order of \$3M per month which could have been avoided if the contract had been awarded as originally planned.

FINDING B. MONETARY BENEFIT. The draft report implies, as summarized in the Executive Summary, a monetary benefit by the immediate transfer of the AFIPS/902-S program to DPS based on DMRD 998 and PBD 426 cost saving estimates. Cost savings will not be achieved by an immediate transfer of the AFIPS/902-S program to DPS, but rather will result in an additional overall cost increase. Although, the intended cost savings of AFIPS/902-S commercial out sourcing will accrue to all DoD users upon contract award, these savings will be delayed and the cost of the delay will result in a cost increase to the program as well as to the potential bidders/providers of services. The Air Force would cease to be the acquisition agent for the AFIPS/902-S procurement upon transfer of the program to DPS. The Executive agent for DPS is the Navy and the Navy would most likely become the acquisition agent. Accordingly, a transfer of acquisition activities will result in an immediate program delay. Further, there will be a significant break in continuity and program expertise with the loss of the Air Force contractor support. For all practical purposes, a management transfer of the program prior to contract award will result in a new program start and the Navy will return to ground zero and would require entirely new acquisition documentation and source selection activity such as: an Acquisition Management Plan required by ASD(C3I); APR and DPA required by GSA; Source Selection Plan; Source Selection Evaluation Group including Technical and Management Factor and Sub-Factor personnel, and Cost Factor Evaluation Team; CBD advertising; Bidders Conference; and associated contracting for program support personnel and expertise. The Air Force estimates an additional cost of up to \$5M and a schedule delay of at least 18 months, with cost avoidance loss to the DoD on the order of \$35M.

SUGGESTED ALTERNATIVE RECOMMENDATION. The AFIPS/902-S transition management plan forwarded by SAF/AQK to OSD on November 10, 1992 or the plan provided by the Navy on November 12, 1992 should be approved without delay. Notification to bidders, as planned in a joint press release, should be released immediately upon signature of the plan. A milestone should be added to the proposed Plan of Action and Milestones to include formal

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notification by the SSA to bidders at the earliest opportunity that the solicitation will be revised as an ID/IQ contract and announce a new date for proposal submission. Notification should coincide with the onset of the requirements validation and not be delayed until the validation is completed. In order to assure effective utilization, DPS should begin immediate planning for the implementation of AFIPS/902-S out sourcing.

FINDING C. MANAGEMENT COMMENTS

FINDING C. NON-CONCUR. The audit statement that OSD oversight of AFIPS/902-S was not clear to the Air Force and that three OSD offices have oversight responsibility for the AFIPS/902-S procurement is not accurate. Acquisition oversight of AFIPS/902-S by ASD(C3I) has never been questioned by the Air Force. The Air Force has received and responded to appropriate acquisition direction and guidance. The draft report does not acknowledge that in accordance with Title 44 U.S.C., DoDD 5000.1 and DoDD 8000.1, the senior DoD official for Information Resources Management, ASD(C3I), is responsible for FIP resources acquisition contracts. ASD(C3I) is the ultimate acquisition oversight authority responsible for this procurement. The other OSD offices, ASD(P&L), including DCE, and Director (A&M) have very specific and limited functional responsibility.

The audit omitted relevant printing and publishing regulations and applicable Public Law, specifically Title 44 U.S.C., that should be within the stated scope of the audit. This is a significant internal control assessment weakness. For example, the audit discussion identifies JCALS publishing and printing requirements yet fails to document that JCALS is not transferring to DPS. Nor has the printing and publishing module of JCALS been approved by the Joint Committee on Printing. This is a significant internal control issue in light of the fact that AFIPS has obtained all appropriate reviews and approvals required by Title 44, U.S.C. and the Government Printing and Binding Regulations.

The Air Force did highlight confusing functional guidance in a SAF/AQK Memo of September 28, 1992 to ASD(C3I) that attached specific ASD(P&L) and DCE correspondence that issued inappropriate acquisition-related guidance that has directly impacted the AFIPS/902-S procurement. The draft report discussion incorrectly concludes OSD oversight confusion existed when, in fact, there was confusion only with regard to functional responsibility, not acquisition oversight. The draft report attempts to assign responsibility based on a percentage breakdown of the AFIPS/902-S procurement (i.e. FIPS/6%-ASD(C3I); Technical/54%-CALs; Administrative/40%-Director (A&M)) and incorrectly concludes CALS should provide AFIPS/902-S oversight. This approach to oversight is not correct and is inconsistent with the provisions of DoDD 8000.1. While CALS may be considered the functional lead for AFIPS/902-S in the technical data area, it is essential provisions be made to include functional proponents for administrative, training and other functional requirements. Without an appropriate management process, functional requirements outside the CALS technical data domain will not be properly determined, will go unfulfilled, or will not be adequately satisfied. In the same manner that CALS may be the appropriate functional lead for technical data requirements, DPS may be an appropriate functional lead for all printing and publishing operational requirements if done in

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compliance with Title 44 U.S.C. Even with DCE as the functional lead activity, ASD(C3I) remains, by DoD regulation and Title 44 U.S.C., the senior Department Information Resources Management official responsible for FIP resources acquisition contracts. Furthermore, para B 2., DoDD 8000 I, stipulates ASD(C3I) as responsible for "all activities relating to the collection, creation, use, dissemination and disposition of all data and information, regardless of medium or intended use." As a result, ASD(C3I) is ultimately solely responsible for all technical, administrative, and training data, including CALS, and all publishing and printing whether printed, digital, or electronic. Consequently, DASD(IS), SAF/AQK, DCE, NAVSUP and NISMC, met actively to work the AFIPS/902-S transfer to DPS and agreed to the need for this procurement and committed to permit the Air Force to proceed to contract award. This commitment was stated in both Air Force and Navy management plans and is evidence that this contract will meet DoD requirements and is in the best interests of DoD.

RECOMMENDATION C. NON-CONCUR. Approval of either of the management plans for transfer of AFIPS/902-S forwarded via SAF/AQK memo of November 10, 1992 and NAVSUP Memo dated November 12, 1992 is the only clarification needed.

SUGGESTED ADDITIONAL RECOMMENDATION. ASD(C3I) should review the implementation of DOD Information Resources Management program. Specifically, a reassessment of policy for acquisition oversight and functional responsibility appears appropriate for emerging electronic data and printing and publishing environments and should include a review of Title 44, U.S.C. implementation/adherence for all government systems that produce data at government expense.

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DEPARTMENT OF THE AIR FORCE (cont'd)



OFFICE OF THE ASSISTANT SECRETARY

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC



12 FEB 1993

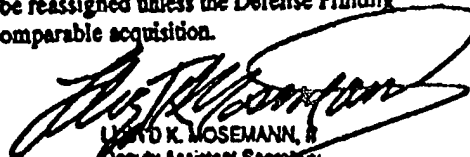
MEMORANDUM FOR:

PUBLIC PRINTER
ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION
VICE COMMANDER, AIR FORCE MATERIEL COMMAND

SUBJECT: Air Force Information Publishing Service (AFIPS/902-S)

Pursuant to the attached memorandum from the Principal Deputy Assistant Secretary of Defense (Production and Logistics), it is requested that the Public Printer withdraw the AFIPS/902-S solicitation and that the Administrator, General Services Administration, cancel the outstanding Delegation of Procurement Authority pertaining thereto.

The Air Force Materiel Command shall phase-out the 902-S program office and provide program documentation to the Defense Printing Service. We have previously advised OSD that military personnel will be reassigned, and that the civilian personnel will similarly be reassigned unless the Defense Printing Service immediately implements a comparable acquisition.


DAVID K. MOSEMAN, II
Deputy Assistant Secretary
Communications, Computers &
Printing

Attachment
PDASD(P&L) Memo dtd Feb 8, '93

Copy to:
ASD(P&L)
SAF/AA
DPS

AUDIT TEAM MEMBERS

David K. Steensma, Director, Contract Management Directorate
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Frank M. Ponti, Statistician

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Air Force Information Publishing Service 902-S
Procurement Program

B. DATE Report Downloaded From the Internet: 05/08/99

**C. Report's Point of Contact: (Name, Organization, Address, Office
Symbol, & Ph #):** OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 05/08/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.